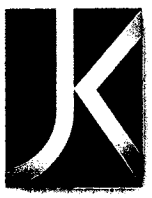
$102,000
TOWN OF HARRISVILLE
SEWER REVENUE BONDS, SERIES 2013 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

$2,072,000
TOWN OF HARRISVILLE
SEWER REVENUE BONDS, SERIES 2013 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

Closing Date: December 13, 2013



JACKSONKELLY[SM]
ATTORNEYS AT LAW PLLC

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TRANSCRIPT OF PROCEEDINGS

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State of West Virginia

Certificate

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

THIS IS A TRUE COPY OF CHAPTER 16, ARTICLE 13 OF THE WEST VIRGINIA CODE, AND CHAPTER 16, ARTICLE 13 OF THE 2013 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

December 5, 2013

Natalie E Tennant

Secretary of State

ARTICLE 13

SEWAGE WORKS OF MUNICIPAL CORPORATIONS AND SANITARY DISTRICTS

Section

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.
16–13–3. Powers of sanitary board; contracts; employees; compensation thereof; extensions and improvements; replacement of damaged public works.
16–13–4. Payment of preliminary expenses of surveys, etc.
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§ 16–13–1. Acquisition, operation, etc., of works; acquisition of property; issuance of bonds

(a) 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:

(1) 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 system pursuant to section one-b, article twenty, chapter eight of this code; and

(2) A stormwater collection system and control system, including all lines, pumping stations and all other facilities and appurtenances necessary or useful and convenient for the collection and control of stormwater, and an associated stormwater management program.

(b) Any municipal corporation and/or sanitary district in the state of West Virginia is hereby authorized and empowered 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.

(c) Any municipality may serve and supply the facilities of such sewerage system and a stormwater system and associated stormwater management program within the corporate limits of the municipality and within the area extending twenty miles beyond the corporate limits of such municipality: Provided, however, That the municipality may not serve or supply the facilities of such sewerage system or stormwater system within the corporate limits of any other municipality without the consent of the governing body thereof: Provided, That for stormwater systems, within the twenty miles beyond the municipality's corporate limits the only areas the municipality may serve and supply shall be those areas from which stormwater affects or drains into the municipality.

(d) No obligations shall be incurred by any municipality and/or sanitary district in construction or acquisition except such as is payable solely from the funds provided under the authority of this article.

(e) No municipal corporation or sanitary district may acquire, construct, establish, extend, repair or equip or thereafter repair, maintain and operate a combined waterworks, sewerage or stormwater system, which includes highways, road and drainage easements, and/or stormwater facilities constructed,

owned and/or operated by the West Virginia Division of Highways without the express agreement of the commissioner of highways.

Acts 1933, Ex. Sess., c. 25, § 1; Acts 1955, c. 132; Acts 1986, c. 118; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

Library References

Municipal Corporations ⇐270, 708, 711, 950. Westlaw Topic No. 268.

C.J.S. Municipal Corporations §§ 1535, 1708 to 1709.

Notes of Decisions

Construction and application 1
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Police power 3
Power to incur indebtedness and expenditures 6
Public improvements 5
Regulation of public utilities 2
Revenue bonds for construction 4

1. Construction and application

Statutes dealing with municipally owned and operated sewer systems should be read and construed together. Code, 8-4-20, 16-13-1, 16-13-2, 16-13-16, 24-1-1 et seq., 24-2-1 et seq., 24-3-1 et seq. Delardas v. Morgantown Water Commission, 1964, 137 S.E.2d 426, 148 W.Va. 776. Statutes ⇐ 223.2(21)

Statutes relating to supervision and regulation of public utilities by Public Service Commission and statute dealing with municipally owned sewer systems relate to the same subject and should be read and construed together. Code, 16-13-1 et seq., 24-1-1 et seq. State ex rel. City of Wheeling v. Renick, 1960, 116 S.E.2d 763, 145 W.Va. 640. Statutes ⇐ 223.2(27)

2. Regulation of public utilities

Under West Virginia Act authorizing municipalities to construct sewage collection systems and sewage treatment plants and to issue revenue bonds to pay cost thereof, money used in preliminary engineering work prior to actual beginning of construction of sewage disposal system is not required to be handled by sanitary board, but board is merely required to supervise and control the construction and maintenance of the project. Code W.Va. 16-13-16, 16-13-18, 16-13-32. U.S. v. City of Charleston, 1957, 149 F.Supp. 866. Health ⇐ 369

Under statute declaring that words "public utility" shall include any person or persons, or association of persons including municipalities, engaged in any business which is a public service, sewer system owned and operated by city was a "public utility" and Public Service Commission was vested with jurisdiction to supervise or regulate municipal sewer system and to hear proceeding seeking extension of sewer services, and power of Commission to supervise and regulate sewer system was not withdrawn or impaired by statutes authorizing municipal corporation to own, construct and maintain sewer system under control of a Sanitary Board and authorizing Board to operate and control such systems and to order and complete any extensions that Board might deem expedient. Code, 16-13-1 et seq., 16-13-2, 16-13-3, 16-13-5, 16-13-16, 16-13-18, 16-13-23, 24-1-1, 24-2-1, 24-3-1. State ex rel. City of Wheeling v. Renick, 1960, 116 S.E.2d 763, 145 W.Va. 640. Public Utilities ⇐ 113

Public Service Commission has statutory power and authority to control facilities, charges and services of all public utilities, and to hear complaints of persons entitled to services which such utilities afford, subject only to limitation that the requirements shall not be contrary to law and that they be just and fair, just and reasonable, and just and proper. Code, 16-13-1 et seq., 24-1-1 et seq. State ex rel. City of Wheeling v. Renick, 1960, 116 S.E.2d 763, 145 W.Va. 640. Public Utilities ⇐ 114; Public Utilities ⇐ 119.1

3. Police power

Statute delegating to municipal corporation power by ordinance to create sanitary boards and authorizing such sanitary boards to enter into contracts for construction of sewerage systems is a valid exercise of police power of state. Code, 16-13-1 et seq. West Virginia Water Service Co. v. Cunningham, 1957, 98 S.E.2d 891, 143 W.Va. 1. Constitutional Law ⇐ 2437; Health ⇐ 358

Legislature may delegate police power to cities or counties, as it sees fit. Brewer v. City of Point Pleasant, 1934, 172 S.E. 717, 114 W.Va. 572. Constitutional Law ⇐ 2437; Constitutional Law ⇐ 2438

4. Revenue bonds for construction

Plan of preparation expense in construction of municipal sewage treatment and disposal system constituted one of first items of expense incurred and constituted a liability, according to agreements between municipality and Federal Works Agency which advanced money to meet such expense, from moment construction be-

gan, and, therefore, repayment of such advancements from proceeds of future revenue bond issues could not be held unlawful on ground that such payment would impair bondholders' security. Code W.Va. 16-13-16, 16-13-18, 16-13-22, 16-13-32; War Mobilization and Reconversion Act of 1944, § 101 et seq., 58 Stat. 785. U.S. v. City of Charleston, 1957, 149 F.Supp. 866. Municipal Corporations ⇐ 950(15)

In action to cancel certain sewer revenue bonds issued by West Virginia City and to enjoin collection of sewerage service charges assessed for the purpose of liquidating such bonds, District Court was bound by decisions of Supreme Court of Appeals of West Virginia upholding the constitutionality of statute permitting municipalities to issue bonds for self-liquidating municipal projects. Laws W.Va.1933, 1st Ex.Sess., c. 25, as amended by Laws W.Va. 1933, 2nd Ex.Sess., c. 48. Stevenson v. City of Bluefield, 1941, 39 F.Supp. 462. Federal Courts ⇐ 433

City located on or near state boundary and confronted with necessity of purchasing property and erecting sewage disposal plant in adjoining state held authorized under statute to issue revenue bonds payable solely from revenues of such plant. Acts 1933, 1st Ex.Sess., c. 25, as amended by Acts 1933, 2d Ex.Sess., c. 48. Bernard v. City of Bluefield, 1936, 186 S.E. 298, 117 W.Va. 556. Municipal Corporations ⇐ 919

5. Public improvements

Under contract between municipal sanitary board and contractor requiring contractor to bear cost and expense of damage to surface, overhead or subsurface structures in construction of sanitary sewer system, contractor was liable to water company for expense of removal of all water and other pipes under streets which interfered with construction of sewer system. Code, 16-13-1 et seq., 16-13-17, 16-13-24. West Virginia Water Service Co. v. Cunningham, 1957, 98 S.E.2d 891, 143 W.Va. 1. Municipal Corporations ⇐ 400

6. Power to incur indebtedness and expenditures

Obligations incurred by city under authority of West Virginia statute authorizing municipalities to construct sewage collection systems and sewage treatment plants and to issue revenue bonds to pay the cost thereof are not "debts" within provision of West Virginia Constitution containing limitations on power of a municipality to incur debts. Code W.Va. 11-8-26(1-4); 16-13-15, 16-13-16, 16-13-18, 16-13-19, 16-13-22, 16-13-27, 16-13-32; Const. art. 10, § 8. U.S. v. City of Charleston, 1957, 149 F.Supp. 866. Municipal Corporations ⇐ 864(3)

7. Jurisdiction

Taxpayers of a city seeking to enjoin collection by city of sewerage service charges assessed for purpose of liquidating bonds issued for construction of sewerage system could not invoke jurisdiction of federal court on ground that by reason of prior decisions of state court upholding validity of statute, under which bonds were issued and rates assessed, plaintiffs did not have a plain, speedy and efficient remedy in state court within meaning of Judicial Code. Laws W.Va.1933, 1st Ex.Sess., c. 25, as amended by Laws W.Va.1933, 2nd Ex.Sess., c. 48; Jud.Code, § 24(1), 28 U.S.C.A. § 1312. Stevenson v. City of Bluefield, 1941, 39 F.Supp. 462. Federal Courts ⇐ 7; Federal Courts ⇐ 26.1

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

(a) The construction, acquisition, improvement, equipment, custody, operation and maintenance of any works for the collection, treatment or disposal of sewage and, in addition, for the collection and control of stormwater 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 of this article.

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

(1) "Board" means the sanitary board as set up in section eighteen of this article.

(2) "Governing body" means the mayor and council or other legally constituted governing body of any municipality.

(3) "Municipality" means any municipal corporation, incorporated city, town, village or sanitary district in the state of West Virginia.

(4) "Sewage works" means a works for the collection and/or treatment, purification and disposal of sewage, in its entirety or any integral part thereof.

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

(6) "Stormwater management program" means those activities associated with the management, operation, maintenance and control of stormwater and stormwater works, including, but not limited to, public education, stormwater and surface runoff water quality improvement, mapping, planning, flood control, inspection, enforcement and any other activities required by state and federal law: Provided, That, as used in this article, "stormwater management program" shall not include those activities associated with the management, operation, maintenance and control of highways, road and drainage easements, and/or stormwater facilities constructed, owned and/or operated by the West Virginia Division of Highways without the express agreement of the commissioner of highways.

(7) "Works" means sewage works and stormwater works either separately or collectively.

Acts 1933, Ex. Sess., c. 25, § 2; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

Library References

Health ⇐369.
Municipal Corporations ⇐711.
Westlaw Topic Nos. 198H, 268.

C.J.S. Health and Environment §§ 7 to 9, 16 to 17, 26 to 27, 44 to 45, 98 to 100.
C.J.S. Municipal Corporations § 1535.

Notes of Decisions

Construction and application 1
Construction of sewer systems 3
Public utilities 2

1. Construction and application

Statutes dealing with municipally owned and operated sewer systems should be read and construed together. Code, 8-4-20, 16-13-1, 16-13-2, 16-13-16, 24-1-1 et seq., 24-2-1 et seq., 24-3-1 et seq. Delardas v. Morgantown Water Commission, 1964, 137 S.E.2d 426, 148 W.Va. 776. Statutes ⇐ 223.2(21)

2. Public utilities

All contracts made by a utility relating to the public service must be deemed to be entered into in contemplation of the exercise by the state of its regulatory power whenever the public interest may make it necessary. Berkeley County Public Service Sewer Dist. v. West Vir-

ginia Public Service Com'n, 1998, 512 S.E.2d 201, 204 W.Va. 279. Public Utilities ⇐ 115

Under statute declaring that words "public utility" shall include any person or persons, or association of persons including municipalities, engaged in any business which is a public service, sewer system owned and operated by city was a "public utility" and Public Service Commission was vested with jurisdiction to supervise or regulate municipal sewer system and to hear proceeding seeking extension of sewer services, and power of Commission to supervise and regulate sewer system was not withdrawn or impaired by statutes authorizing municipal corporation to own, construct and maintain sewer system under control of a Sanitary Board and authorizing Board to operate and control such systems and to order and complete any extensions that Board might deem expedient. Code, 16-13-1 et seq., 16-13-2, 16-13-3, 16-13-5, 16-13-16, 16-13-18, 16-13-23, 24-1-1, 24-2-1, 24-3-1. State ex rel. City of Wheeling v. Renick, 1960, 116 S.E.2d 763, 145 W.Va. 640. Public Utilities ⇐ 113

3. Construction of sewer systems

Obligations incurred by city under authority of West Virginia statute authorizing municipalities to construct sewage collection systems and sewage treatment plants and to issue revenue bonds to pay the cost thereof are not "debts" within provision of West Virginia Constitution containing limitations on power of a municipality to incur debts. Code W.Va. 11-8-26(1-4); 16-13-15, 16-13-16, 16-13-18, 16-13-19, 16-13-22, 16-13-27, 16-13-32; Const. art. 10, § 8. U.S. v. City of Charleston, 1957, 149 F.Supp. 866. Municipal Corporations ⇐ 864(3).

If sewer project is undertaken by municipality, whatever loans may have been made on faith of the revenue bonds as authorized under West Virginia law would or should be included in cost of the works and repaid out of proceeds of the bonds. Code W.Va. 11-8-26(1-4); 16-13-15, 16-13-16, 16-13-18, 16-13-19, 16-13-22, 16-13-27, 16-13-32; Const. art. 10, § 8. U.S. v. City of Charleston, 1957, 149 F.Supp. 866. Municipal Corporations ⇐ 950(15)

§ 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 works, or any trust indenture as provided for, shall be approved by the governing body of the municipality before the same shall be effective.

The board may employ engineers, architects, inspectors, superintendents, managers, collectors, attorneys, and 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 the work as the board shall direct. All 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 ten 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 consider 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, stormwater conduits, 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, including, but not limited to, those activities necessary to comply with all federal and state requirements, including stormwater and surface runoff water quality improvement activities.

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 the 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.

Acts 1933, Ex. Sess., c. 25, § 3; Acts 1989, c. 133; Acts 2001, c. 143, eff. 90 days after April 11, 2001; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

Historical and Statutory Notes

Acts 2001, c. 143, also amended this section to read:

"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 ten 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."

Library References

Health ⇐369.
Westlaw Topic No. 198H.

C.J.S. Health and Environment §§ 7 to 9, 16 to 17, 26 to 27, 44 to 45, 98 to 100.

Notes of Decisions

Independent contractor 3
Police power of local authorities 1
Validity of municipal contracts 2

1. Police power of local authorities

Under the police power of the State, the Legislature has the power to provide for the protection of the safety, health, morals and general welfare of the public, and may delegate such powers to municipalities created by it. West Virginia Water Service Co. v. Cunningham, 1957, 98 S.E.2d 891, 143 W.Va. 1. Constitutional Law ⇐ 2437; Constitutional Law ⇐ 1066

Under statute delegating to municipal corporations power by ordinance to create sanitary boards and authorizing such boards to enter into contracts for construction of sewerage systems, ordinance creating sanitary board and authorizing such board to enter into contract for construction of sewerage system was valid exercise of police power of state delegated to city by statute. Code, 16-13-1 et seq. West Virginia Water Service Co. v. Cunningham, 1957, 98 S.E.2d 891, 143 W.Va. 1. Health ⇐ 358; Health ⇐ 369

2. Validity of municipal contracts

Contract between municipal sanitary board and contractor providing for construction of sanitary sewerage system in furtherance of exercise of police power of state and provisions of city ordinance was valid. West Virginia Water Service Co. v. Cunningham, 1957, 98 S.E.2d 891, 143 W.Va. 1. Municipal Corporations ⇐ 339(1)

3. Independent contractor

Where city had no right of control over contractor and sanitary board in construction of sanitary sewer system, contractor was "independent contractor". West Virginia Water Service Co. v. Cunningham, 1957, 98 S.E.2d 891, 143 W.Va. 1. Municipal Corporations ⇐ 400

§ 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.

Acts 1933, Ex. Sess., c. 25, § 4.

Library References

Municipal Corporations ⇐288.
Westlaw Topic No. 268.
C.J.S. Municipal Corporations § 969.

Notes of Decisions

Construction planning expenses 2
Power to incur indebtedness and expenditures 1

1. Power to incur indebtedness and expenditures

West Virginia municipalities are authorized to incur obligations for purpose of defraying preliminary expenses of sewer projects, provided repayment of such obligations is to be made solely from proceeds of revenue bonds, not from tax levies. Code W.Va. 11-8-26(1-4); 16-13-15, 16-13-16, 16-13-18, 16-13-19, 16-13-22, 16-13-27, 16-13-32; Const. art. 10, § 8. U.S. v. City of Charleston, 1957, 149 F.Supp. 866. Municipal Corporations ⇐ 864(3)

2. Construction planning expenses

Plan of preparation expense in construction of municipal sewage treatment and disposal system constituted one of first items of expense incurred and constituted a liability, according to agreements between municipality and Federal Works Agency which advanced money to meet such expense, from moment construction began, and, therefore, repayment of such advancements from proceeds of future revenue bond issues could not be held unlawful on ground that such payment would impair bondholders' security. Code W.Va. 16-13-16, 16-13-18, 16-13-22, 16-13-32; War Mobilization and Reconversion Act of 1944, § 101 et seq., 58 Stat. 785. U.S. v. City of Charleston, 1957, 149 F.Supp. 866. Municipal Corporations ⇐ 950(15)

Under West Virginia Act authorizing municipalities to construct sewage collection systems and sewage treatment plants and to issue revenue bonds to pay cost thereof, money used in preliminary engineering work prior to actual beginning of construction of sewage disposal system is not required to be handled by sanitary board, but board is merely required to supervise and control the construction and maintenance of the project. Code W.Va. 16–13–16, 16–13–18, 16–13–32. U.S. v. City of Charleston, 1957, 149 F.Supp. 866. Health ⇐ 369

United States, which was entitled to reimbursement for advances made to West Virginia city by Federal Works Agency for purpose of plan preparation for construction of proposed sewage treatment and disposal system, would not be entitled to general judgment against city but would be entitled to an order requiring repayment from existing or future revenue bond proceeds and to four percent interest. War Mobilization and Reconversion Act of 1944, § 101 et seq., 58 Stat. 785; Code W.Va. 38-4-5, 38-4-6, 53-1-1. U.S. v. City of Charleston, 1957, 149 F.Supp. 866. Municipal Corporations ⇐ 1037

In agreement between West Virginia city and Federal Works Administrator for advances to be used for purpose of plan preparation for construction of proposed sewage treatment and disposal system, parties would be presumed to know extent of city's authority to make a binding contract in such respect, and, therefore, limitation imposed by West Virginia law on city would be read into the agreement. War Mobilization and Reconversion Act of 1944, §§ 101 et seq., 501, 58 Stat. 785, 791; Code W.Va. 11-8-26(1-4); 16-13-15, 16-13-16, 16-13-18, 16-13-19, 16-13-22, 16-13-27, 16-13-32; Const. W.Va. art. 10, § 8. U.S. v. City of Charleston, 1957, 149 F.Supp. 866. Municipal Corporations ⇐ 250

§ 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.

Acts 1933, Ex. Sess., c. 25, § 5.

Library References

Municipal Corporations ⇐293.
Westlaw Topic No. 268.
C.J.S. Municipal Corporations §§ 977 to 978.

Notes of Decisions

Power to incur indebtedness and expenditures 1

1. Power to incur indebtedness and expenditures

West Virginia municipalities are authorized to incur obligations for purpose of defraying preliminary expenses of sewer projects, provided repayment of such obligations is to be made solely from proceeds of revenue bonds, not from tax levies. Code W.Va. 11-8-26(1-4); 16-13-15, 16-13-16, 16-13-18, 16-13-19, 16-13-22, 16-13-27, 16-13-32; Const. art. 10, § 8. U.S. v. City of Charleston, 1957, 149 F.Supp. 866. Municipal Corporations ⇐ 864(3)

United States, which was entitled to reimbursement for advances made to West Virginia city by Federal Works Agency for purpose of plan preparation for construction of proposed sewage treatment and disposal system, would not be entitled to general judgment against city but would be entitled to an order requiring repayment from existing or future revenue bond proceeds and to four percent interest. War Mobilization and Reconversion Act of 1944, § 101 et seq., 58 Stat. 785; Code W.Va. 38-4-5, 38-4-6, 53-1-1. U.S. v. City of Charleston, 1957, 149 F.Supp. 866. Municipal Corporations ⇐ 1037

If sewer project is undertaken by municipality, whatever loans may have been made on faith of the revenue bonds as authorized under West Virginia law would or should be included in cost of the works and repaid out of proceeds of the bonds. Code W.Va. 11-8-26(1-4); 16-13-15, 16-13-16, 16-13-18, 16-13-19, 16-13-22, 16-13-27, 16-13-32; Const. art. 10, § 8. U.S. v. City of Charleston, 1957, 149 F.Supp. 866. Municipal Corporations ⇐ 950(15)

§ 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, 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.

Acts 1933, Ex. Sess., c. 25, § 6; Acts 1967, c. 105; Acts 1981, 1st Ex. Sess., c. 2.

Library References

Municipal Corporations ⇐294 to 300.
Westlaw Topic No. 268.

C.J.S. Municipal Corporations §§ 979 to 985, 988 to 1001.

§ 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, 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 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.

Acts 1933, Ex. Sess., c. 25, § 7.

Library References

Municipal Corporations ⇐287.
Westlaw Topic No. 268.

§ 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.

Acts 1933, Ex. Sess., c. 25, § 8.

Library References

Municipal Corporations ⇦288.
Westlaw Topic No. 268.
C.J.S. Municipal Corporations § 969.

Notes of Decisions

Monetary advances 2
Preliminary expenditures 1

1. Preliminary expenditures

Under West Virginia Act authorizing municipalities to construct sewage collection systems and sewage treatment plants and to issue revenue bonds to pay cost thereof, money used in preliminary engineering work prior to actual beginning of construction of sewage disposal system is not required to be handled by sanitary board, but board is merely required to supervise and control the construction and maintenance of the project. Code W.Va. 16-13-16, 16-13-18, 16-13-32. U.S. v. City of Charleston, 1957, 149 F.Supp. 866. Health ⇦ 369

2. Monetary advances

United States, which was entitled to reimbursement for advances made to West Virginia city by Federal Works Agency for purpose of plan preparation for construction of proposed sewage treatment and disposal system, would not be entitled to general judgment against city but would be entitled to an order requiring repayment from existing or future revenue bond proceeds and to four percent interest. War Mobilization and Reconversion Act of 1944, § 101 et seq., 58 Stat. 785; Code W.Va. 38-4-5, 38-4-6, 53-1-1. U.S. v. City of Charleston, 1957, 149 F.Supp. 866. Municipal Corporations ⇦ 1037

Plan of preparation expense in construction of municipal sewage treatment and disposal system constituted one of first items of expense incurred and constituted a liability, according to agreements between municipality and Federal Works Agency which advanced money to meet such expense, from moment construction began, and, therefore, repayment of such advancements from proceeds of future revenue bond issues could not be held unlawful on ground that such payment would impair bondholders' security. Code W.Va. 16-13-16, 16-13-18, 16-13-22, 16-13-32; War Mobilization and Reconversion Act of 1944, § 101 et seq., 58 Stat. 785. U.S. v. City of Charleston, 1957, 149 F.Supp. 866. Municipal Corporations ⇦ 950(15)

§ 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 any of the works referred to in this article, 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 the payment, and the bonds may not, in any respect, be a corporate indebtedness of the municipality, within the meaning of any statutory or constitutional limitations thereon. All the details of the bonds shall be determined by ordinance or ordinances of the municipality.

Acts 1933, Ex. Sess., c. 25, § 9; Acts 1949, c. 93; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

Library References

Municipal Corporations ⇐870, 911, 950(15). Westlaw Topic No. 268.

C.J.S. Municipal Corporations §§ 1573, 1579, 1581, 1647 to 1649, 1708 to 1709

Notes of Decisions

Power of municipal corporations to contract 2
Power to incur indebtedness and expenditures 3
Preliminary expenditures 4
Preliminary proceedings and ordinances 5
Validity 1

1. Validity

Statute authorizing municipalities to construct and finance self-liquidating sewer systems held constitutional (Acts 1933 [1st Ex.Sess.] c. 25). Brewer v. City of Point Pleasant, 1934, 172 S.E. 717, 114 W.Va. 572. Municipal Corporations ⇐ 266

2. Power of municipal corporations to contract

Under provisions of statute relating to contract with other municipalities for service of sewage works, city which ordered construction of sewage disposal plant was authorized to contract with town to provide that town would have the right to use part of the capacity of the plant in return for contributing to its cost and town was authorized to enter into such contracts with city for the use of the plant, and fact that town was unable to sell revenue bonds because it was not allowed to have part ownership in the plant or in the interceptor sewers did not mean that town was not liable for payments agreed to under the contracts, where city offered to buy the revenue bonds issued by the town. Code, 16–13–9, 16–13–19, 16–13–23a. City of Morgantown v. Town of Star City, 1973, 195 S.E.2d 166, 156 W.Va. 529. Municipal Corporations ⇐ 277

3. Power to incur indebtedness and expenditures

Obligations incurred by city under authority of West Virginia statute authorizing municipalities to construct sewage collection systems and sewage treatment plants and to issue revenue bonds to pay the cost thereof are not "debts" within provision of West Virginia Constitution containing limitations on power of a municipality to incur debts. Code W.Va. 11-8-26(1-4), 16-13-15, 16-13-16, 16-13-18, 16-13-19, 16-13-22, 16-13-27, 16-13-32; Const. art. 10, § 8. U.S. v. City of Charleston, 1957, 149 F.Supp. 866. Municipal Corporations ⇐ 864(3)

West Virginia municipalities are authorized to incur obligations for purpose of defraying preliminary expenses of sewer projects, provided repayment of such obligations is to be made solely from proceeds of revenue bonds, not from tax levies. Code W.Va. 11-8-26(1-4); 16-13-16, 16-13-16, 16-13-18, 16-13-19, 16-13-27, 16-13-32; Const. art. 10, § 8. U.S. City of Charleston, 1957, 149 F.Supp. 866. Municipal Corporations ⇐ 864(3)

If sewer project is undertaken by municipality, whatever loans may have been made on faith of the revenue bonds as authorized under West Virginia law would or should be included in cost of the works and repaid out of proceeds of the bonds. Code W.Va. 11-8-26(1-4); 16-13-16, 16-13-16, 16-13-18, 16-13-19, 16-13-27, 16-13-32; Const. art. 10, § 8. U.S. City of Charleston, 1957, 149 F.Supp. 866. Municipal Corporations ⇐ 950(15)

Where statute authorizing municipalities to issue bonds for self-liquidating municipal project, provided that bonds should not be corporate indebtedness, bonds held not to create "debts" within constitutional inhibition (Acts 1933 [1st Ex.Sess.] c. 25, §§ 9, 10, 16, 2). Brewer v. City of Point Pleasant, 1934, 172 S.E. 717, 114 W.Va. 572. Municipal Corporations ⇐ 907

Provisions of statute relating to issuance of municipal bonds constitute integral parts of bonds regardless of whether included therein (Acts 1933 [1st Ex.Sess.] c. 25, §§ 9, 10, 16, 2). Brewer v. City of Point Pleasant, 1934, 172 S.E. 717, 114 W.Va. 572. Municipal Corporations ⇐ 923

Statute permitting municipalities to issue bonds for self-liquidating municipal project held legitimate delegation of legislative power

Acts 1933, 1st Ex.Sess., c. 25. Brewer v. City of Point Pleasant, 1934, 172 S.E. 717, 114 W.Va. 572. Constitutional Law ⇐ 2437; Municipal Corporations ⇐ 907

4. Preliminary expenditures

Under West Virginia Act authorizing municipalities to construct sewage collection systems and sewage treatment plants and to issue revenue bonds to pay cost thereof, money used in preliminary engineering work prior to actual beginning of construction of sewage disposal system is not required to be handled by sanitary board, but board is merely required to supervise and control the construction and maintenance of the project. Code W.Va. 16-13-16, 16-13-18, 16-13-32. U.S. v. City of Charleston, 1957, 149 F.Supp. 866. Health ⇐ 369

5. Preliminary proceedings and ordinances

Provision of sewer ordinance declaring that statutory mortgage lien should exist in favor of bondholders violated statute permitting municipalities to construct self-liquidating sewer systems, but declaration could be regarded as surplusage and did not affect validity of remainder of ordinance (Acts 1933 [1st Ex.Sess.] c. 25). Brewer v. City of Point Pleasant, 1934, 172 S.E. 717, 114 W.Va. 572. Municipal Corporations ⇐ 303(4)

§ 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 percent 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.

Acts 1933, Ex. Sess., c. 25, § 10; Acts 1970, c. 11; Acts 1980, c. 33; Acts 1981, 1st Ex. Sess., c. 2.

Library References

Municipal Corporations ⇐922, 950(15). Westlaw Topic No. 268.

C.J.S. Municipal Corporations §§ 1684 to 1686, 1697, 1708 to 1709.

§ 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.

Acts 1933, Ex. Sess., c. 25, § 11.

Library References

Municipal Corporations ⇐911, 950(15). Westlaw Topic No. 268.

C.J.S. Municipal Corporations §§ 1647 to 1649, 1708 to 1709.

§ 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.

Acts 1933, Ex. Sess., c. 25, § 12.

Library References

Municipal Corporations ⇐911, 950(15). Westlaw Topic No. 268.

C.J.S. Municipal Corporations §§ 1647 to 1649, 1708 to 1709.

§ 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 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.

Acts 1933, Ex. Sess., c. 25, § 13.

Library References

Municipal Corporations ⇐911, 950(15). Westlaw Topic No. 268.

C.J.S. Municipal Corporations §§ 1647 to 1649, 1708 to 1709.

Notes of Decisions

Preliminary expenditures 1
Repayment of loans 2

1. Preliminary expenditures

Under West Virginia Act authorizing municipalities to construct sewage collection systems and sewage treatment plants and to issue revenue bonds to pay cost thereof, money used in preliminary engineering work prior to actual beginning of construction of sewage disposal system is not required to be handled by sanitary board, but board is merely required to supervise and control the construction and maintenance of the project. Code W.Va. 16–13–16, 16–13–18, 16–13–32. U.S. v. City of Charleston, 1957, 149 F.Supp. 866. Health ⇐ 369

2. Repayment of loans

If sewer project is undertaken by municipality, whatever loans may have been made on faith of the revenue bonds as authorized under West Virginia law would or should be included in cost of the works and repaid out of proceeds of the bonds. Code W.Va. 11-8-26(1-4); 16-13-15, 16-13-16, 16-13-18, 16-13-19, 16-13-22, 16-13-27, 16-13-32; Const. art. 10, § 8. U.S. v. City of Charleston, 1957, 149 F.Supp. 866. Municipal Corporations ⇐ 950(15)

United States, which was entitled to reimbursement for advances made to West Virginia city by Federal Works Agency for purpose of plan preparation for construction of proposed sewage treatment and disposal system, would not be entitled to general judgment against city but would be entitled to an order requiring repayment from existing or future revenue bond proceeds and to four percent interest. War Mobilization and Reconversion Act of 1944, § 101 et seq., 58 Stat. 785; Code W.Va. 38-4-5, 38-4-6, 53-1-1. U.S. v. City of Charleston, 1957, 149 F.Supp. 866. Municipal Corporations ⇐ 1037

§ 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.

Acts 1933, Ex. Sess., c. 25, § 14.

Library References

Municipal Corporations ⇐911, 950(15). Westlaw Topic No. 268.

C.J.S. Municipal Corporations §§ 1647 to 1649, 1708 to 1709.

United States Code Annotated

Trust Indenture Act of 1939, see 15 U.S.C.A. § 77aaa et seq.

§ 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.

Acts 1933, Ex. Sess., c. 25, § 15; Acts 1933, 2nd Ex. Sess., c. 48; Acts 1986, c. 118.

Library References

Municipal Corporations ⇐951. Westlaw Topic No. 268.

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

§ 16-13-16. Rates for service; deposit required for new customers; forfeiture of deposit; reconnecting deposit; tenant's deposit; 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, fees or charges for the use of and the service rendered by:

(a) Sewerage 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.

(b) Stormwater works, to be paid by the owner of each and every lot, parcel of real estate, or building that in any way uses or is served by such stormwater works or whose property is improved or protected by the stormwater works or any user of such stormwater works.

(c) The governing body may change and readjust such rates, fees or charges from time to time. However, no rates, fees or charges for stormwater services may be assessed against highways, road and drainage easements and/or storm-

water facilities constructed, owned and/or operated by the West Virginia division of highways.

(d) All new applicants for service shall indicate to the governing body whether they are an owner or tenant with respect to the service location.

(e) The governing body may collect from all new applicants for service a deposit of fifty dollars or two twelfths of the average annual usage of the applicant's specific customer class, whichever is greater, to secure the payment of service rates, fees and charges in the event they become delinquent as provided in this section. In any case where a deposit is forfeited to pay service rates, fees and charges which were delinquent at the time of disconnection or termination of service, no reconnecting or reinstatement of service may be made by the governing body until another deposit equal to fifty dollars or a sum equal to two twelfths of the average usage for the applicant's specific customer class, whichever is greater, is remitted to the governing body. After twelve months of prompt payment history, the governing body shall return the deposit to the customer or credit the customer's account with interest at a rate as the public service commission may prescribe: *Provided,* That where the customer is a tenant, the governing body is not required to return the deposit until the time the tenant discontinues service with the governing body. Whenever any rates, fees, rentals or charges for services or facilities furnished remain unpaid for a period of twenty days after the same become due and payable, the user of the services and facilities provided is delinquent and the user is liable at law until all rates, fees and charges are fully paid. The governing body may, under reasonable rules promulgated by the public service commission, shut off and discontinue water services to a delinquent user of sewer facilities ten days after the sewer services become delinquent regardless of whether the governing body utilizes the security deposit to satisfy any delinquent payments.

(f) Such rates, fees 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 considered the revenues of the works.

(g) No such rates, fees 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, fees or charges.

(h) After introduction of the ordinance fixing such rates, fees or charges, and before the same is finally enacted, notice of such hearing, setting forth the proposed schedule of such rates, fees or charges, shall be given by publication as a Class II-0 legal advertisement in compliance with the provisions of article three, chapter fifty-nine of this code, and the publication area for such publication shall be the municipality. The first publication shall be made at least ten days before the date fixed in such notice for the hearing.

(i) After such hearing, which may be adjourned from time to time, the ordinance establishing rates, fees 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, fees 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, fees 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.

(j) Any change or readjustment of such rates, fees or charges may be made in the same manner as such rates, fees 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 shall be required. The aggregate of the rates, fees or charges shall always be sufficient for such expense of operation, repair and maintenance and for such sinking fund payments.

(k) All rates, fees or charges, if not paid when due, shall constitute a lien upon the premises served by such works. If any service rate, fees or charge so established is not paid within twenty 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,* 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.

(*l*) Whenever any rates, rentals, fees or charges for services or facilities furnished shall remain unpaid for a period of twenty 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 rates, fees and charges are fully paid. When any payment for rates, rentals, fees or charges becomes delinquent, the governing body may use the security deposit to satisfy the delinquent payment.

(m) The board collecting such rates, fees or charges shall be obligated under reasonable rules 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 rates, fees or charges for both water facilities, and sewer facilities, including reasonable interest and penalty charges, have been paid in full.

Acts 1933, Ex. Sess., c. 25, § 16; Acts 1933, 2nd Ex. Sess., c. 48; Acts 1959, c. 125; Acts 1967, c. 105; Acts 2001, c. 212, eff. 90 days after April 14, 2001; Acts 2004, c. 185, eff. 90 days after March 12, 2004.

Library References

Municipal Corporations ⇐712.
Westlaw Topic No. 268.
C.J.S. Municipal Corporations § 1535.

Notes of Decisions

Construction and application 1
Public utilities 3
Rates and charges for service 2
Summary judgment 5
Water service termination 4

1. Construction and application

Statutes dealing with municipally owned and operated sewer systems should be read and construed together. Code, 8-4-20, 16-13-1, 16-13-2, 16-13-16, 24-1-1 et seq., 24-2-1 et seq., 24-3-1 et seq. Delardas v. Morgantown Water Commission, 1964, 137 S.E.2d 426, 148 W.Va. 776. Statutes ⇦ 223.2(21)

2. Rates and charges for service

If rates and charges set forth in ordinance and established by public service commission by its order should be considered improper for any valid reason, they may be challenged by any user of sewer services by complaint in proper proceeding before public service commission. Code, 8–4–20, 16–13–1, 16–13–2, 16–13–16, 24–1–1 et seq. Delardas v. Morgantown Water Commission, 1964, 137 S.E.2d 426, 148 W.Va. 776. Municipal Corporations ⇦ 712(8)

Where charges for use of sewer by sanitary board of city of Beckley were assessed to property owners according to quantity of water supplied subject to deduction of amount of water retained on premises to be determined by a meter installed by consumers and allowing deduction of costs thereof from amounts due on bills, such charges were not discriminatory, notwithstanding some users were financially unable to install meters. Code 16–13–30. Houchins v. City of Beckley, 1944, 32 S.E.2d 286, 127 W.Va. 306. Municipal Corporations ⇦ 712(7)

Party aggrieved by rates established for use of sewer could not resort to courts for relief, where he failed to exercise statutory remedy of appearing before governing body of municipality at public hearing (Acts 1933 [1st Ex.Sess.] c. 25). Brewer v. City of Point Pleasant, 1934, 172 S.E. 717, 114 W.Va. 572. Municipal Corporations ⇦ 712(8)

3. Public utilities

Under statute declaring that words "public utility" shall include any person or persons, or association of persons including municipalities, engaged in any business which is a public service, sewer system owned and operated by city was a "public utility" and Public Service Commission was vested with jurisdiction to supervise or regulate municipal sewer system and hear proceeding seeking extension of sewer services, and power of Commission to supervise and regulate sewer system was not withdrawn or impaired by statutes authorizing municipal corporation to own, construct and maintain sewer system under control of a Sanitary Board and authorizing Board to operate and control such systems and to order and complete all extensions that Board might deem expedient. Code, 16–13–1 et seq., 16–13–2, 16–13–5, 16–13–16, 16–13–18, 16–13–24–1–1, 24–2–1, 24–3–1. State ex rel. City of Wheeling v. Renick, 1960, 116 S.E.2d 763, 148 W.Va. 640. Public Utilities ⇦ 113

4. Water service termination

Any impairment of sewer revenue bonds issued by cities providing for imposition of lien against property for unpaid sewer charges, statutory amendment precluding cities from attaching lien to landlord's property for tenant's failure to pay sewer charges, was not "substantial impairment" and, thus, amendment did not violate constitutional prohibition against impairment of contracts, where bond contract acknowledged that parties' rights were subject to legislative regulation, contracts were merely modified, abridged right was not central to parties' undertaking, and prior legislation provided utilities with far more effective remedy of water service termination for unpaid sewer charges. U.S.C.A. Const. Art. 1, § 10, cl. 1; W.Va.Code §§ 8–18–23, 16–13–16. City of Charleston Public Service Com'n of West Virginia, 1995, 57 F.3d 385, certiorari denied 116 S.Ct. 474, 515 U.S. 974, 133 L.Ed.2d 404. Constitutional Law ⇦ 2704; Municipal Corporations ⇦ 712

5. Summary judgment

Allegation, in city's notice of motion for judgment, that claim was for services of city sewage system and penalty for nonpayment to sanitary board for a specified period of time and that defendant was owner of property served and specified sum was due by reason of a specific ordinance, when read in connection with verified itemized statement accompanying notice, was insufficient to state a claim based upon contract in absence of showing of relationship of sanitary board to sewage system, method of service and right of sanitary board to charge for service, and demurrer to notice was properly sustained. Code 1937, 16–13–15 et seq. City of Beckley v. Craighead, 1943, 24 S.E.2d 908, 128 W.Va. 484. Judgment ⇦ 184

§ 16–13–17. Government units subject to established rates

The municipality and any county government, state government and federal government served by the services of the works shall be subject to the same

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

Acts 1933, Ex. Sess., c. 25, § 17; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

Library References

Municipal Corporations ⇐712.
Westlaw Topic No. 268.
C.J.S. Municipal Corporations § 1535.

Notes of Decisions

In general 1

1. **In general**

Under contract between municipal sanitary board and contractor requiring contractor to bear cost and expense of damage to surface, overhead or subsurface structures in construction of sanitary sewer system, contractor was liable to water company for expense of removal of all water and other pipes under streets which interfered with construction of sewer system. Code, 16-13-1 et seq., 16-13-17, 16-13-24. West Virginia Water Service Co. v. Cunningham, 1957, 98 S.E.2d 891, 143 W.Va. 1. Municipal Corporations ⇐ 400

§ 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 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 or her public office. The appointees shall originally be appointed for terms of two and three years respectively, and upon the expiration of each 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. The 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 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.

Acts 1933, Ex. Sess., c. 25, § 18; Acts 1939, c. 96; Acts 1953, c. 146; Acts 1957, c. 137; Acts 1992, c. 95; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

Library References

Health ⇐369.
Municipal Corporations ⇐711.
Westlaw Topic Nos. 198H, 268.

C.J.S. Health and Environment §§ 7 to 9, 16 to 17, 26 to 27, 44 to 45, 98 to 100.
C.J.S. Municipal Corporations § 1535.

Notes of Decisions

Funds 4
Membership of sanitary boards 2
Powers and duties of sanitary boards 1
Public utilities 3

1. Powers and duties of sanitary boards

Under West Virginia Act authorizing municipalities to construct sewage collection systems and sewage treatment plants and to issue revenue bonds to pay cost thereof, money used in preliminary engineering work prior to actual beginning of construction of sewage disposal system is not required to be handled by sanitary board, but board is merely required to supervise and control the construction and maintenance of the project. Code W.Va. 16-13-16, 16-13-18, 16-13-32. U.S. v. City of Charleston, 1957, 149 F.Supp. 866. Health ⇐ 369

City which created sanitary board for purpose of erecting sewage disposal plant held authorized to incorporate such sanitary board as a nonstock corporation for purpose of being domesticated in Virginia as a sewage purification company under Virginia law, where no other way was pointed out by which city or sanitary board could under law of Virginia acquire property in that state and carry out contemplated plan of erecting sewage disposal plant. Acts 1933, 1st Ex.Sess., c. 25, as amended by Acts 1933, 2d Ex.Sess., c. 48. Bernard v. City of Bluefield, 1936, 186 S.E. 298, 117 W.Va. 556. Municipal Corporations ⇐ 277

2. Membership of sanitary boards

Where sanitary board created by municipality optional for either mayor or city manager, (but not both) to be appointed to board. 52 W.Va. Op.Atty.Gen. 217 (February 9, 1967) 1967 WL 93382.

3. Public utilities

Under statute declaring that words "public utility" shall include any person or persons, or association of persons including municipalities, engaged in any business which is a public service, sewer system owned and operated by city was a "public utility" and Public Service Commission was vested with jurisdiction to supervise or regulate municipal sewer system and to hear proceeding seeking extension of sewer services, and power of Commission to supervise

and regulate sewer system was not withdrawn or impaired by statutes authorizing municipal corporation to own, construct and maintain sewer system under control of a Sanitary Board and authorizing Board to operate and control such systems and to order and complete any extensions that Board might deem expedient. Code, 16–13–1 et seq., 16–13–2, 16–13–3, 16–13–5, 16–13–16, 16–13–18, 16–13–23, 24–1–1, 24–2–1, 24–3–1. State ex rel. City of Wheeling v. Renick, 1960, 116 S.E.2d 763, 145 W.Va. 640. Public Utilities ⇐113

4. Funds

Charleston Sanitary Board treasurer must deliver funds collected from sewer system users to Charleston city treasurer. 52 W.Va. Op.Atty. Gen. 497 (October 6, 1967) 1967 WL 93425.

§ 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, 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.

Acts 1957, c. 138; Acts 1967, c. 105.

Acts 1976, c. 33, provided that all references to "justice of the peace" in the code of West Virginia mean "magistrate." See § 50–1–17.

Library References

Health ⇐369.
Municipal Corporations ⇐885.
Westlaw Topic Nos. 198H, 268.
C.J.S. Health and Environment §§ 7 to 9, 16 to 17, 26 to 27, 44 to 45, 98 to 100.
C.J.S. Municipal Corporations § 1628.

§ 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 or stormwater works 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 contracts with the 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, That no 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, fees 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, fees and charges for the service rendered in the municipality where the works are owned and operated, and such rates, fees or charges shall be collectible and shall be a lien as herein provided for rates, fees 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 contract shall, if so provided in said ordinance or trust indenture, be considered 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 the revenues.

Acts 1933, Ex. Sess., c. 25, § 19; Acts 1981, 1st Ex. Sess., c. 2; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

Library References

Municipal Corporations ⇐328.
Westlaw Topic No. 268.

C.J.S. Municipal Corporations §§ 1027 to 1029.

Notes of Decisions

In general 1

1. In general

Under provisions of statute relating to contract with other municipalities for service of sewage works, city which ordered construction of sewage disposal plant was authorized to contract with town to provide that town would have the right to use part of the capacity of the plant in return for contributing to its cost and town was authorized to enter into such contracts with city for the use of the plant, and fact that town was unable to sell revenue bonds because it was not allowed to have part ownership in the plant or in the interceptor sewers did not mean that town was not liable for payments agreed to under the contracts, where city offered to buy the revenue bonds issued by the town. Code, 16-13-9, 16-13-19, 16-13-23a. City of Morgantown v. Town of Star City, 1973, 195 S.E.2d 166, 156 W.Va. 529. Municipal Corporations ⇐ 277

§ 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.

Acts 1933, Ex. Sess., c. 25, § 20.

Library References

Municipal Corporations ⇐288(2).
Westlaw Topic No. 268.
C.J.S. Municipal Corporations § 969.

§ 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.

Acts 1933, Ex. Sess., c. 25, § 21.

Library References

Municipal Corporations ⇐937, 955.
Westlaw Topic No. 268.
C.J.S. Municipal Corporations §§ 1707, 1711.

§ 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 twenty miles outside the corporate limits thereof: Provided, That for stormwater systems, within the twenty miles beyond the municipality's corporate limits the only areas the

municipality may serve and supply shall be those areas from which stormwater affects or drains into the municipality.

The jurisdiction and authority provided by this section does not extend to highways, road and drainage easements, and/or stormwater facilities constructed, owned and/or operated by the West Virginia Division of Highways.

Acts 1933, Ex. Sess., c. 25, § 22; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

Library References

Municipal Corporations ⇐711.
Westlaw Topic No. 268.
C.J.S. Municipal Corporations § 1535.

§ 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.

Acts 1949, c. 93; Acts 1961, c. 107; Acts 1980, c. 59; Acts 1981, 1st Ex. Sess., c. 2; Acts 1986, c. 118.

Library References

Municipal Corporations ⇐864(3).
Westlaw Topic No. 268.
C.J.S. Municipal Corporations §§ 1583 to 1585, 1587.

Notes of Decisions

Power to incur indebtedness and expenditures 1
Repayment of loans and advances 2

1. Power to incur indebtedness and expenditures

Obligations incurred by city under authority of West Virginia statute authorizing municipalities to construct sewage collection systems and sewage treatment plants and to issue revenue bonds to pay the cost thereof are not "debts" within provision of West Virginia Constitution containing limitations on power of a municipality to incur debts. Code W.Va. 11-8-26(1-4); 16-13-15, 16-13-16, 16-13-18, 16-13-19, 16-13-22, 16-13-27, 16-13-32; Const. art. 10, § 8. U.S. v. City of Charleston, 1957, 149 F.Supp. 866. Municipal Corporations ⇐ 864(3)

2. Repayment of loans and advances

United States, which was entitled to reimbursement for advances made to West Virginia city by Federal Works Agency for purpose of plan preparation for construction of proposed sewage treatment and disposal system, would not be entitled to general judgment against city but would be entitled to an order requiring repayment from existing or future revenue bond proceeds and to four percent interest. War Mobilization and Reconversion Act of 1944, § 101 et seq., 58 Stat. 785; Code W.Va. 38-4-5, 38-4-6, 53-1-1. U.S. v. City of Charleston, 1957, 149 F.Supp. 866. Municipal Corporations ⇐ 1037

If sewer project is undertaken by municipality, whatever loans may have been made on faith of the revenue bonds as authorized under West Virginia law would or should be included in cost of the works and repaid out of proceeds of the bonds. Code W.Va. 11-8-26(1-4); 16-13-15, 16-13-16, 16-13-18, 16-13-19, 16-13-22, 16-13-27, 16-13-32; Const. art. 10, § 8. U.S. v. City of Charleston, 1957, 149 F.Supp. 866. Municipal Corporations ⇐ 950(15)

Under agreement between West Virginia city and Federal Works Administrator, in accordance with the War Mobilization and Reconversion Act of 1944, West Virginia city incurred obligation to repay advances made for purpose of plan preparation for construction of proposed sewage treatment and disposal system if and when construction of the sewage treatment plant should be started and would not be obligated to repay the advances if the construction were not undertaken. War Mobilization and Reconversion Act of 1944, §§ 101 et seq., 501, 58 Stat. 785, 791. U.S. v. City of Charleston, 1957, 149 F.Supp. 866. United States ⇐ 82(1)

§ 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.

Acts 1949, c. 93.

Library References

Municipal Corporations ⇐328.
Westlaw Topic No. 268.

C.J.S. Municipal Corporations §§ 1027 to 1029.

§ 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.

Acts 1949, c. 93.

Library References

Municipal Corporations ⇐913. Westlaw Topic No. 268.

C.J.S. Municipal Corporations §§ 1647 to 1648, 1651.

§ 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.

Acts 1949, c. 93.

Library References

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

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

§ 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.

Acts 1955, c. 132.

Library References

Municipal Corporations ⇐328. Westlaw Topic No. 268.

C.J.S. Municipal Corporations §§ 1027 to 1029.

§ 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 the works, and all the moneys, revenues and other income of such municipality derived from such

works shall be exempt from all taxation by the state of West Virginia or any county, municipality, political subdivision or agency thereof.

Acts 1955, c. 132; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

Library References

Taxation ⇐2316, 3519.
Westlaw Topic No. 371.

§ 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 the 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 the sewerage system or stormwater system, may be applied and the securing, use and disposition thereof, including, if considered 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 or stormwater system, 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 considered 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 or stormwater 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 or stormwater system, the payment of the principal of and interest on all bonds or other obligations payable from the revenues of such sewerage system or stormwater 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 or stormwater 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 or stormwater system;

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

(f) The manner and terms upon which all bonds and other obligations issued hereunder may be declared immediately due and payable upon the happening

of a default in the payment of the principal of or interest thereon, or in the performance of any covenant or agreement with bondholders, and the manner and terms upon which defaults may be declared cured and the acceleration of the maturity of such bonds rescinded and repealed;

(g) Budgets for the annual operation, maintenance and repair of such sewerage system or stormwater 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 stormwater 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 considered necessary or desirable for the security of the holders of bonds issued hereunder, notwithstanding that other covenants are not expressly enumerated hereunder, it being the intention hereof to grant to the 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.

Acts 1955, c. 132; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

Library References

Municipal Corporations ⇐922. Westlaw Topic No. 268. C.J.S. *Municipal Corporations* §§ 1684 to 1686, 1697.

§ 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.

Acts 1933, Ex. Sess., c. 25, § 23.

Library References

Municipal Corporations ⇐270, 906. Westlaw Topic No. 268.

C.J.S. Municipal Corporations §§ 1645 to 1646, 1702.

Notes of Decisions

Public utilities 1

1. Public utilities

Under statute declaring that words "public utility" shall include any person or persons, or association of persons including municipalities, engaged in any business which is a public service, sewer system owned and operated by city was a "public utility" and Public Service Commission was vested with jurisdiction to supervise or regulate municipal sewer system and to hear proceeding seeking extension of sewer services, and power of Commission to supervise and regulate sewer system was not withdrawn or impaired by statutes authorizing municipal corporation to own, construct and maintain sewer system under control of a Sanitary Board and authorizing Board to operate and control such systems and to order and complete any extensions that Board might deem expedient. Code, 16-13-1 et seq., 16-13-2, 16-13-3, 16-13-5, 16-13-16, 16-13-18, 16-13-23, 24-1-1, 24-2-1, 24-3-1. State ex rel. City of Wheeling v. Renick, 1960, 116 S.E.2d 763, 145 W.Va. 640. Public Utilities ⇐ 113

§ 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, fees or charges for the use of the services and facilities of the existing sewer system and/or stormwater 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 stormwater system, or that in any way uses or is served thereby, and may change and readjust such rates, fees or charges from time to time.

Such rates, fees 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 or stormwater, and the repair, alteration and extension of existing sewer facilities or stormwater 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.

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 the construction, to be remitted to and administered by the municipal bond commission by expending and paying the costs and expenses of construction and operation in the manner as provided by said ordinance.

After the completion of the construction such rates, fees 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 or entire stormwater works.

No such rates, fees 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 rates, fees or charges, and before the same is finally enacted, notice of such hearing, setting forth the proposed schedule of rates, fees or charges, shall be given by publication of notice as a Class II-O legal advertisement in compliance with the provisions of article three, 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, fees or charges, either as originally introduced or as modified and amended, may be passed and put into effect. A copy of the schedule of the rates, fees 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, fees 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 rates, fees or charges may be made in the same manner as rates, fees 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, fees 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 the 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, fees 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 the article provides for or requires the issuance of revenue bonds or the imposition of rates, fees and charges in connection with the bonds: Provided, 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 the municipal corporation and the respective officers and departments thereof, including the sanitary board, are governed by the provisions of this article: Provided, however, That the jurisdiction and authority provided by this section does not extend to highways, road and drainage easements, and/or stormwater facilities constructed, owned and/or operated by the West Virginia Division of Highways and no rates, fees or charges for stormwater services or costs of compliance may be assessed against highways, road and drainage easements, and/or stormwater facilities constructed, owned and/or operated by the West Virginia Division of Highways.

Acts 1955, c. 135; Acts 1967, c. 105; Acts 1994, c. 61; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

Library References

Municipal Corporations ⇐712.
Westlaw Topic No. 268.
C.J.S. Municipal Corporations § 1535.

Notes of Decisions

In general 1

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1. In general

Under provisions of statute relating to contract with other municipalities for service of sewage works, city which ordered construction of sewage disposal plant was authorized to contract with town to provide that town would have the right to use part of the capacity of the plant in return for contributing to its cost and town was authorized to enter into such contracts with city for the use of the plant, and fact that town was unable to sell revenue bonds because it was not allowed to have part ownership in the plant or in the interceptor sewers did not mean that town was not liable for payments agreed to under the contracts, where city offered to buy the revenue bonds issued by the town. Code, 16-13-9, 16-13-19, 16-13-23a. City of Morgantown v. Town of Star City, 1973, 195 S.E.2d 166, 156 W.Va. 529. Municipal Corporations ⇐ 277

§ 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.

Acts 1933, Ex. Sess., c. 25, § 24.

Library References

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

Notes of Decisions

In general 1

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1. In general

Under contract between municipal sanitary board and contractor requiring contractor to bear cost and expense of damage to surface, overhead or subsurface structures in construction of sanitary sewer system, contractor was liable to water company for expense of removal of all water and other pipes under streets which interfered with construction of sewer system.

Note 1

Code, 16-13-1 et seq., 16-13-17, 16-13-24. West Virginia Water Service Co. v. Cunningham, 1957, 98 S.E.2d 891, 143 W.Va. 1. Municipal Corporations ⇐ 400

West's

Annotated Code of West Virginia

Using the Classification and Numbering System of the 1931 Code of West Virginia, as Amended

Chapter 16

2013
Cumulative Annual Pocket Part

Replacing 2012 Pocket Part supplementing 2008 Main Volume

Includes laws through the 2013 First Extraordinary Session

THOMSON REUTERS

Mat #41466489

Jurisdiction	Laws	Effective Date	Statutory Citation
Wyoming	1985, c. 223	5–23–1985	Wyo.Stat.Ann. §§ 35–19–101 to 35–19–103.

* Date of approval.

ARTICLE 13

SEWAGE WORKS AND STORMWATER WORKS

Section
16–13–16. Rates for service; deposit required for new customers; forfeiture of deposit; reconnecting deposit; tenant's deposit; change or readjustment; hearing; lien and recovery; discontinuance of services.
16–13–23a. Additional powers of municipality to cease pollution.

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

Notes of Decisions

Landowners residing outside city 8

8. **Landowners residing outside city**

City's assessment of "stormwater service charge," pursuant to state statute, on landowners who resided outside of city, but whose properties drained stormwater into city's stormwater management system, did not violate owners' right to equal protection, even though they could not vote on membership of city council that imposed the charge; ordinance had rational relationship to legitimate state purpose of reducing amount of sediment, bacteria, and trash in stormwater runoff that flowed into and was treated by city. Shannon v. City of Hurricane, 2012, 2012 WL 2914305, Unreported. Constitutional Law ⇐ 3355; Municipal Corporations ⇐ 715

City's assessment of "stormwater service charge," pursuant to state statute, on landowners who resided outside of city, but whose properties drained stormwater into city's stormwater management system, did not violate owners' right to due process, since they had no right to vote in city's elections. Shannon v. City of Hurricane, 2012, 2012 WL 2914305, Unreported. Constitutional Law ⇐ 4059; Municipal Corporations ⇐ 715

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

United States Code Annotated

Trust Indenture Act of 1939, see 15 U.S.C.A. § 77aaa et seq.

§ 16–13–16. Rates for service; deposit required for new customers; forfeiture of deposit; reconnecting deposit; tenant's deposit; change or readjustment; hearing; lien and recovery; discontinuance of services

A governing body has the power and duty, by ordinance, to establish and maintain just and equitable rates, fees or charges for the use of and the service rendered by:

(a) Sewerage 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

(b) Stormwater works, to be paid by the owner of each and every lot, parcel of real estate or building that in any way uses or is served by such stormwater works or whose property is improved or protected by the stormwater works or any user of such stormwater works.

(c) The governing body may change and readjust such rates, fees or charges from time to time. However, no rates, fees or charges for stormwater services may be assessed against highways, road and drainage easements or stormwater facilities constructed, owned or operated by the West Virginia Division of Highways.

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

(e) The governing body may collect from all new applicants for service a deposit of $5(two twelfths of the average annual usage of the applicant's specific customer class, whiche is greater, to secure the payment of service rates, fees and charges in the event they beco delinquent as provided in this section. In any case where a deposit is forfeited to pay ser rates, fees and charges which were delinquent at the time of disconnection or terminatior service, service may not be reconnected or reinstated by the governing body until anot deposit equal to $50 or a sum equal to two twelfths of the average usage for the applica specific customer class, whichever is greater, is remitted to the governing body. After twe months of prompt payment history, the governing body shall return the deposit to customer or credit the customer's account with interest at a rate as the Public Serv Commission may prescribe: *Provided,* That where the customer is a tenant, the govern body is not required to return the deposit until the time the tenant discontinues service w the governing body. Whenever any rates, fees, rentals or charges for services or facilit furnished remain unpaid for a period of twenty days after they become due, the user of t services and facilities provided is delinquent. The user is liable until all rates, fees a charges are fully paid. The governing body may, under reasonable rules promulgated by t Public Service Commission, shut off and discontinue water services to a delinquent user sewer facilities ten days after the sewer services become delinquent regardless of whether t governing body utilizes the security deposit to satisfy any delinquent payments: *Provid however,* That nothing contained within the rules of the Public Service Commission shall deemed to require any agents or employees of the governing body to accept payment at t customer's premises in lieu of discontinuing service for a delinquent bill.

(f) Such rates, fees or charges shall be sufficient in each year for the payment of the proj and reasonable expense of operation, repair, replacements and maintenance of the works a for the payment of the sums herein required to be paid into the sinking fund. Revenu collected pursuant to this section shall be considered the revenues of the works.

(g) No such rates, fees or charges shall be established until after a public hearing, at whi all the users of the works and owners of property served or to be served thereby and othe interested shall have an opportunity to be heard concerning the proposed rates, fees charges.

(h) After introduction of the ordinance fixing such rates, fees or charges, and before tl same is finally enacted, notice of such hearing, setting forth the proposed schedule of rate fees or charges, shall be given by publication as a Class II-0 legal advertisement compliance with the provisions of article three, chapter fifty-nine of this code and tl publication area for such publication shall be the municipality. The first publication shall l made at least ten days before the date fixed in the notice for the hearing.

(i) After the hearing, which may be adjourned, from time to time, the ordinance establisl ing rates, fees or charges, either as originally introduced or as modified and amended, sha be passed and put into effect. A copy of the schedule of the rates, fees and charges shall b kept on file in the office of the board having charge of the operation of such works, and also i the office of the clerk of the municipality, and shall be open to inspection by all partie interested. The rates, fees or charges established for any class of users or property serve shall be extended to cover any additional premises thereafter served which fall within th same class, without the necessity of any hearing or notice.

(j) Any change or readjustment of such rates, fees or charges may be made in the sam manner as the rates, fees or charges were originally established as hereinbefore provide *Provided,* That if a change or readjustment be made substantially pro rata, as to all classes c service, no hearing or notice shall be required. The aggregate of the rates, fees or charge shall always be sufficient for the expense of operation, repair and maintenance and for th sinking fund payments.

(k) All rates, fees or charges, if not paid when due, shall constitute a lien upon the premise served by such works. If any service rate, fees or charge is not paid within twenty days afte

it 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. The lien may be foreclosed against such lot, parcel of land or building in accordance with the laws relating thereto. 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.

(*l*) Whenever any rates, rentals, fees or charges for services or facilities furnished shall remain unpaid for a period of twenty days after they become due, the property and the owner thereof, as well as the user of the services and facilities shall be delinquent until such time as all rates, fees and charges are fully paid. When any payment for rates, rentals, fees or charges becomes delinquent, the governing body may use the security deposit to satisfy the delinquent payment.

(m) The board collecting the rates, fees or charges shall be obligated under reasonable rules to shut off and discontinue both water and sewer services to all delinquent users of water, sewer or stormwater facilities and shall not restore either water facilities or sewer facilities to any delinquent user of any such facilities until all delinquent rates, fees or charges for water, sewer and stormwater facilities, including reasonable interest and penalty charges, have been paid in full, as long as such actions are not contrary to any rules or orders of the Public Service Commission: *Provided*, That nothing contained within the rules of the Public Service Commission shall be deemed to require any agents or employees of the municipality or governing body to accept payment at the customer's premises in lieu of discontinuing service for a delinquent bill.

Acts 1933, Ex. Sess., c. 25, § 16; Acts 1933, 2nd Ex. Sess., c. 48; Acts 1959, c. 125; Acts 1967, c. 105; Acts 2001, c. 212, eff. 90 days after April 14, 2001; Acts 2004, c. 185, eff. 90 days after March 12, 2004; Acts 2008, c. 202, eff. March 8, 2008; Acts 2010, c. 201, eff. June 11, 2010.

§ 16–13–23a. Additional powers of municipality to cease pollution

(a) Notwithstanding any other provision contained in this article, and in addition thereto, the governing body of any municipality which has received or which hereafter receives an order issued by the Secretary of the Department of Environmental Protection or the Environmental Quality Board requiring the municipality to cease the pollution of any stream or waters is hereby authorized to establish and maintain, by ordinance, just and equitable rates, fees or charges for the use of the services and facilities of the existing municipal sewer system and/or stormwater system, 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 stormwater system, or that in any way uses or is served thereby, and may change and readjust such rates, fees or charges from time to time.

(b) The rates, fees or charges shall be sufficient to all the proper and reasonable costs and expenses of the acquisition and construction of plants, machinery and works for the collection, treatment, purification and disposal of sewage or stormwater and the repair, alteration and extension of existing sewer facilities or stormwater facilities, as may be necessary to comply with such order of the Secretary of the Department of Environmental Protection or the Environmental Quality Board, and for the operation, maintenance and repair of the entire works and system.

(c) 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 the construction, to be remitted to and administered by the Municipal Bond Commission by expending and paying the costs and expenses of construction and operation in the manner as provided by said ordinance.

(d) After the completion of the construction, the rates, fees 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 or entire stormwater works.

(e) No such rates, fees 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.

(f) After introduction of the ordinance fixing rates, fees or charges, and before the same is finally enacted, notice of such hearing setting forth the proposed schedule of rates, fees or charges shall be given by publication of notice as a Class II–0 legal advertisement in compliance with the provisions of article three, chapter fifty-nine of this code. 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.

(g) After such hearing, which may be adjourned from time to time, the ordinance establishing the rates, fees or charges, either as originally introduced or as modified and amended, may be passed and put into effect. A copy of the schedule of the rates, fees 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 in the office of the clerk of the municipality. The schedule of rates, fees and charges shall be open to inspection by all parties interested. The rates, fees or charges 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.

(h) Any change or readjustment of rates, fees or charges may be made in the same manner as rates, fees 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.

(i) If any rate, fee or charge is not paid within thirty days after it 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 the municipality in a civil action in the name of the municipality.

(j) Any municipality exercising the powers given herein has the authority to construct, acquire, improve, equip, operate, repair and maintain any plants, machinery or works necessary to comply with the order of the Secretary of the Department of Environmental Protection or the Environmental Quality Board and the authority provided herein to establish, maintain and collect rates, fees 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 the article provides for or requires the issuance of revenue bonds or the imposition of rates, fees and charges in connection with the bonds: *Provided,* 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 Secretary of the Department of Environmental Protection or the Environmental Quality Board and the rights, powers and duties of the municipality and the respective officers and departments thereof, including the sanitary board, are governed by the provisions of this article.

(k) The jurisdiction and authority provided by this section does not extend to highways, road and drainage easements and stormwater facilities constructed, owned or operated by the West Virginia Division of Highways and no rates, fees or charges for stormwater services or costs of compliance may be assessed against highways, road and drainage easements and/or stormwater facilities constructed, owned and/or operated by the West Virginia Division of Highways.

(*l*) A municipality which has been designated by the Environmental Protection Agency as an entity to serve a West Virginia Separate Storm Sewer System community, as defined in 40 C.F.R. § 122.26, has the authority to enact ordinances or regulations which allow for the issuance of orders, the right to enter properties and the right to impose reasonable fines and penalties regarding correction of violations of municipal stormwater ordinances or regulations within the municipal watershed served by the municipal stormwater system, as long as such rules, regulations, fines or actions are not contrary to any rules or orders of the Public Service Commission.

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, Ronda K. White, Recorder of the Town of Harrisville, personally appeared, Alan R. Haught, who has been duly elected to the position of 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 position of Mayor of the Town of Harrisville, to the best of my skill and judgment.

So help me God.

Alan R. Haught

Given under my hand, this 2nd day of July 2013

Ronda K White, 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 Ronda K. White who has been duly elected to the position of Recorder of the Town of Harrisville, and took and subscribed the following.

I, Ronda K White, 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 position of the Recorder of the Town of Harrisville to the best of my skill and judgment.

So help me God.

Ronda K White

Ronda K. White

Given under my hand this 1st day of July, 2009

(seal)

Alan R. Haught

Alan R. Haught, Mayor
Town of Harrisville

STATE OF WEST VIRGINIA
COUNTY OF RITCHIE, SS:

Before me, Ronda K. White, Recorder of the Town of Harrisville, personally appeared, Paul Beall, who has been duly elected to the position of Council Member of the Town of Harrisville, and took and subscribed the following:

I, Paul Beall, 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 position of Council Member of the Town of Harrisville, to the best of my skill and judgment.

So help me God.

Paul Beall

Given under my hand, this 9th day of July 2013

Ronda K White, Recorder
Town of Harrisville

STATE OF WEST VIRGINIA
COUNTY OF RITCHIE, SS:

Before me, Savannah Farr, Recorder for the Town of Harrisville personally appeared, Richard D. Kerns who has been duly elected to the position of Council Member of the Town of Harrisville and took and subscribed the following;

I, Richard D. Kerns, so 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 position of Council Member of the Town of Harrisville to the best of my skill and judgment.

So help me God.

Richard D. Kerns

Given under my hand this 10th day of July, 2007

(seal)

Savannah Farr

Savannah Farr, Recorder
Town of Harrisville

STATE OF WEST VIRGINIA
COUNTY OF RITCHIE, SS:

Before me, Ronda K. White, Recorder of the Town of Harrisville, personally appeared, David Lamm, who has been duly elected to the position of Council Member of the Town of Harrisville, and took and subscribed the following:

I, David Lamm, 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 position of Council Member of the Town of Harrisville, to the best of my skill and judgment.

So help me God.

David Lamm

Given under my hand, this 9th day of July 2013

Ronda K White, Recorder
Town of Harrisville

STATE OF WEST VIRGINIA
COUNTY OF RITCHIE, SS:

Before me, Savannah Farr, Recorder for the Town of Harrisville personally appeared, Jeffrey L. Hardman who has been duly elected to the position of Council Member of the Town of Harrisville and took and subscribed the following;

I, Jeffrey L. Hardman, so 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 position of Council Member of the Town of Harrisville to the best of my skill and judgment.

So help me God.

Jeffrey L. Hardman

Given under my hand this 10th day of July, 2007

(seal)

Savannah Farr, Recorder
Town of Harrisville

STATE OF WEST VIRGINIA
COUNTY OF RITCHIE, SS:

Before me, Savannah Farr, Recorder for the Town of Harrisville personally appeared, Barbara A. Lowther who has been duly elected to the position of Council Member of the Town of Harrisville and took and subscribed the following;

I, Barbara A. Lowther, so 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 position of Council Member of the Town of Harrisville to the best of my skill and judgment.

So help me God.

Barbara A. Lowther

Barbara A. Lowther

Given under my hand this 10th day of July, 2007

(seal)

Savannah Farr

Savannah Farr, Recorder
Town of Harrisville

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. Daughtt

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 Lee 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 Mullenax
TOWN RECORDER

2990M

STATE OF WEST VIRGINIA
COUNTY OF RITCHIE, SS:

Before me, Ronda K. White, Recorder of the Town of Harrisville personally appeared Ronald Nutt who has been duly appointed to the position of Vice Chairman of the Sanitary Board, and took and subscribed the following.

I, Ronald Nutt, 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 position of the Vice Chairman of the Sanitary Board to the best of my skill and judgment.

So help me God.

Ronald Nutt

Given under my hand this 21st day of November, 2013

Ronda K White, Recorder
Town of Harrisville

STATE OF WEST VIRGINIA
COUNTY OF RITCHIE, SS:

Before me, Ronda K. White, Recorder of the Town of Harrisville personally appeared Alan R Haught who has been duly appointed to the position of Chairman of the Sanitary Board, 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 position of the Chairman of the Sanitary Board to the best of my skill and judgment.

So help me God.

Alan R Haught

Given under my hand this 21st day of November, 2013

Ronda K White, 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. Haught

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

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL
11/12/2013

Entered: October 23, 2013

CASE NO. 13-0509-S-CN

TOWN OF HARRISVILLE
Application for a certificate of convenience and necessity to construct repairs and improvements to the Town's existing sewage collection system.

RECOMMENDED DECISION

This Recommended Decision grants the Town of Harrisville's application for a certificate of convenience and necessity to construct repairs and improvements to the Town's existing sewage collection system.

PROCEDURE

On April 11, 2013, the Town of Harrisville (Applicant/Town) filed with the Public Service Commission of West Virginia (Commission) an application for a certificate of convenience and necessity to construct repairs and improvements to the Town's existing sewage collection system.

On April 11, 2013, a Notice of Filing was issued by the Commission which required the Town to give notice of the filing of the certificate application, by publishing a copy of the Notice of Filing once in a qualified newspaper as provided in W. Va. Code §59-3-1 et seq., published and of general circulation in counties where service is provided, making due return to the Public Service Commission of proper certification of publication within thirty (30) days from the date of publication.

The Notice of Filing stated that, "Anyone desiring to protest or intervene in the certificate proceeding should file a written protest or request to intervene within thirty (30) days following the date of this publication unless otherwise modified by Commission order. Failure to timely protest or request to intervene can affect your right to protest aspects of this certificate case or participate in future proceedings. The Order also stated that, in the absence of substantial protest received within thirty (30) days of the publication, the Commission may waive formal hearing and render its decision on the application based on the evidence submitted with the application and the Commission's review thereof.

By Commission Referral Order entered on April 23, 2013, the case was referred to the Division of Administrative Law Judges for a decision to be rendered on or before September 23, 2013.

On May 2, 2013, the Town filed an Affidavit of Publication from the *Ritchie Gazette and The Cairo Standard*, a newspaper published weekly in the Municipality of Harrisville, Ritchie County, West Virginia, 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, which affirmed that the Notice of Filing had been published therein, as a Class I legal advertisement, on April 17, 2013.

On May 15, 2013, Staff Attorney Wendy Braswell of the Commission's Legal Division filed the Initial and Final Joint Staff Memorandum along with the Utilities and Engineering Divisions' Initial and Final Memorandum, prepared by Utilities Analyst Juan Arboleda of the Commission's Utilities Division and Jonathan Fowler, P.E., of the Commission's Engineering Division. Staff explained numerous deficiencies found in the Town's certificate case filing. Staff stated that, "Owing to the lack of supporting information Staff is unable to complete a meaningful review of this application. Accordingly, the Engineering and Utilities Divisions recommend that this case be dismissed and that the applicant be advised to refile this case once it has assembled a full and complete certificate application in accordance with the Commission's Rules of Practice and Procedure (150CSR1) and particularly with respect to the checklist for the filing of certificate applications set forth at §150-1-26." Staff Attorney Braswell was in agreement with Technical Staff and stated that, "Staff is seeking that the application be dismissed, rather than asking the Town to supplement the filing, based on the breadth of the missing engineering and financial information."

On May 20, 2013, the Town filed correspondence with the Commission in which it reported that it would be submitting the needed information in the near future. It stated that, "We request that the case not be dismissed, as had been recommended by PSD Staff, but remain open so that we may remedy the deficiencies and proceed with the processing of this application."

On May 21, 2013, the Town filed with the Commission copies of its Preliminary Engineering Report; Final Engineering Report; and Plans and Specifications.

On May 28, 2013, the Town filed with the Commission copies of its draft rate ordinance, which it anticipated would be presented for first reading at the Town Council meeting on June 11, 2013. The Town also filed copies of various permits and governmental clearances relating to the project and copies of the United States Department of Agriculture Rural Development letter of conditions.

On May 30, 2013, the Town filed with the Commission copies of the Revised Rule 42 Exhibit.

On July 3, 2013, the Town filed correspondence with the Commission in which it requested that the Commission toll the case processing schedule and extend all deadlines relating to this case for a thirty (30) day period. The letter explained that the Town was not scheduled to have the final reading of the sewer rate ordinance relating to this certificate project until the Town Council meeting scheduled for July 9, 2013. The Town pointed out that Commission Staff was required to submit its final recommendation regarding this case on July 10, 2013, and that Staff would have insufficient time to make a proper recommendation regarding the Town's certificate application case.

On July 10, 2013, Staff Attorney Braswell filed the Further Final Joint Staff Memorandum along with the Utilities and Engineering Divisions Final Recommendation, prepared by Utilities Analyst Arboleda and Mr. Fowler of the Commission's Engineering Division. Staff explained that the Town currently provides sanitary sewer services to approximately 750 customers. Staff reported that the Town intends to construct significant improvements to its existing sewage collection system including the replacement of certain sewer lines, the rehabilitation of dilapidated manholes, the replacement of defective manhole frames and lids and various additional rehabilitative items. The Town intends to construct approximately 21,100 feet of new 10-inch and 8-inch sewer lines and appurtenances; approximately 5,700 feet of new 6-inch and 4-inch utility service lines and appurtenances; disconnection and reconnection of approximately 230 existing sewer services with inspection ports (cleanouts) and appurtenances; rehabilitate and repair approximately fifty (50) existing manholes; replacement of approximately twenty-eight (28) manholes; making various repairs, constructing new inverts, installing new manhole steps, installing new manhole covers, sealing and rehabilitating various manholes as needed; completing repairs on existing mains at an estimated sixty-six (66) locations throughout the Town; cleaning and videotaping the interior of about 2,580 feet of sewer mains; and completing various items of surface restoration, repaving, reseeding, etc., as needed.

Staff explained that the project is estimated to cost $3,517,000. However, Staff noted that, once bids are actually received, it is likely that the project cost would change. Based upon Staff's experience with similar types of projects, Staff was of the opinion that the basic engineering design services ($243,000) as a percentage of construction cost (9%) was acceptable for a complex rehabilitation project involving significant field work and surveys.

Commission Staff noted that the Town and its engineer did review and evaluate a limited number of alternatives and options for the project. However, Staff pointed out that, since this project involved rehabilitation of an existing system, the evaluation of alternatives would properly have been limited to an evaluation of key items, such as the location and scope of the rehabilitation activities, or the "details" of the design. Technical Staff concluded that an appropriate process was followed in the evaluation and selection of the limited alternatives available for this project.

Engineering Staff reviewed the project plans and construction documents and found no apparent violations of the Commission's *Rules for the Government of Sewer Utilities (Sewer Rules)*. Staff stated that, "Based upon this limited review of the project construction documents, Engineering Staff recommends approval of the project without specifically approving the

project plans and specifications." Staff also stated that it believed that all of the necessary permits and regulatory approvals necessary for this project had either been issued or would be available prior to the start of actual construction. Staff cautioned the Town that it must insure that all necessary permits, lands, rights-of-way and regulatory approvals are obtained prior to construction.

Staff noted that the goal of the Applicant's proposed project was to reduce inflow and infiltration. Commission Staff reported that, "The Town's sewer system is subject to excessive amounts of extraneous flows and as a consequence, the system routinely discharges or 'overflows' significant volumes of untreated, raw sewage to area streams and water courses. This situation has been ongoing and worsening for some time and as a consequence, the Town's current NPDES Permit requires the Town to locate and correct the sources of this extra flow. This project is designed to achieve a reduction of I/I in order to bring the Town into compliance with the terms of their NPDES Permit." Staff also pointed out that, if the Applicant did not complete this proposed project, untreated sewage would continue to be discharged into the environment in direct violation of State and Federal laws. Such violations would subject the Applicant to civil and criminal penalties. Another consequence of correcting excessive inflow and infiltration would be a reduction of system operation and maintenance costs as a result of reduction of the total volume of wastewater pumped and treated. Engineering Staff concluded that this project was needed and was of appropriate scope and design. Engineering Staff supported this project as necessary.

With regard to the Applicant's estimated decrease in operation and maintenance expenses, Commission Staff adjusted the Applicant's estimated decrease to more closely comport with Staff's experience and recommended that a decrease of $3,500 per year be utilized instead of the less conservative decrease of $7,476 proposed by the Applicant.

Utilities Division Staff explained the problem regarding project rates in this case. Staff stated that, "Based on the Town's filing current rates in effect cannot support the debt service of this project." However, Staff noted that the Applicant is currently in the process of adopting new municipal sewer rates designed to support the construction project proposed in this case. Staff noted that the final reading of the municipal rate ordinance increasing the Applicant's sewer rates will not take place until July 9, 2013. Technical Staff concluded that, "Since the Town has not proposed a project with rates in place to cover total revenue requirements upon completion of construction, Staff is recommending the Application be dismissed. The Town can file a new case when it is able to present a scenario in which the project is supported by sufficient rates."

Staff Attorney Braswell explained certain procedural problems plaguing this matter. The problems were based in the Applicant's failure to complete the municipal rate ordinance process in a timely manner so that new, properly adopted municipal sewer rates were in place prior to Staff's final report due date. Staff Attorney Braswell stated that, "Staff is currently unable to recommend approval of the certificate application because the Town will be unable to demonstrate that it properly enacted its ordinance until it provides post-adoption notice.

Therefore, Staff continues to recommend the certificate application be denied. If the Town's motion to toll is granted, Staff will submit further recommendations."

On July 10, 2013, a Commission Order was entered which granted the Applicant's request that the statutory deadline be tolled; extended the Administrative Law Judge's decision due date; and granted an extension of the Staff report due date. The statutory deadline was tolled until December 22, 2013; the Administrative Law Judge decision due date was extended until October 23, 2013; and the Staff report due date was extended until August 8, 2013.

On August 8, 2013, Staff Attorney Braswell filed the Second Further Final Joint Staff Memorandum in which she gave a detailed explanation of why Staff would not be in a position to file its final recommendation in this case until August 9, 2013. She stated that Staff would not submit its final recommendation in this case until after the thirty (30) day public protest period had expired on the final reading of the Applicant's municipal rate ordinance increasing sewer rates and charges to support the project proposed in this certificate application case.

On August 9, 2013, Staff Attorney Braswell filed the Third Further Final Joint Staff Memorandum along with the Utilities and Engineering Divisions' Third Further Final Recommendation. Staff reported that the estimated construction cost of $3,517,000 for the project under review in this matter will be financed by the Applicant through a United States Department of Agriculture Rural Utilities Service grant in the amount of $1,343,000 and a loan from the same funding source in the principal amount of $2,174,000, having an interest rate of 2.75%, for a term of thirty-eight (38) years. A funding commitment letter was filed by the Applicant in this matter. Staff advised that the Town of Harrisville adopted a municipal rate ordinance increasing municipal sewer rates to support this project. The statutory thirty (30) day public protest period expired on August 8, 2013, and no protests were filed with the Commission. Staff added that the increased sewer rates and charges would become effective upon completion of construction of the wastewater improvements project. The new municipal sewer rates will increase annual revenues for the Applicant by approximately $72,405 or 19.9%. The cash flow analysis prepared by Commission Staff shows that, after the new sewer rates go into effect, the Applicant will have a cash surplus of $23,789 and debt service coverage of 122.41%, which satisfies the 110% bond coverage requirement.

Commission Staff recommended that the Town of Harrisville's application for a certificate of convenience and necessity to construct certain sanitary sewer system improvements be approved. Staff also recommended that the project financing, comprised of a United States Department of Agriculture Rural Utilities Service grant of $1,343,000 and a United States Department of Agriculture Rural Utilities Service loan, having a principal amount of $2,174,000, with an interest rate of 2.75% for a term of thirty-eight (38) years, be approved. Since this project was not approved by the West Virginia Infrastructure and Jobs Development Council, Staff recommended that, should there be any changes in the plans, scope or terms of financing for this project, or should there be any changes in rates associated with this project, the Applicant must petition for re-opening of this matter for adjustments and further Commission approval. Staff recommended that the Applicant promptly file a copy of the engineer's certified tabulation of bids for all contracts associated with this project. Also,

Commission Staff recommended that the Applicant promptly file with the Commission a copy of the "Certificate of Substantial Completion" for all contracts associated with this project.

DISCUSSION

The record in this matter reflects that the Notice of Filing was properly published as a Class I legal notice, as directed in the Commission's April 11, 2013 Order. The Notice of Filing provided that public protests or requests for intervention regarding the certificate application filed by the Town of Harrisville be filed with the Public Service Commission within thirty (30) days of the date of publication of the Notice of Filing. The Applicant subsequently filed an affidavit of publication demonstrating that publication of the Notice of Filing occurred on April 17, 2013, and the record also reflects that no public protests and no requests to intervene were filed in this matter during the thirty (30) day public protest period or as of the date of this Recommended Decision. Therefore, it is reasonable to conclude that there is no objection from the public to the issuance of a certificate of convenience and necessity for the Applicant to construct the sewer system repairs and improvements described in the certificate application.

FINDINGS OF FACT

1. The Town of Harrisville filed an application with the Public Service Commission for a certificate of convenience and necessity to construct certain repairs and improvements to its existing sewer collection system facilities. The project was described to include replacement of certain sewer lines; rehabilitation of dilapidated manholes; replacement of defective manhole frames and lids; and additional rehabilitation work. (See, April 11, 2013 filing).

2. The Town of Harrisville published the Notice of Filing regarding this certificate application in the *Ritchie Gazette and The Cairo Standard*, a weekly newspaper of general circulation published in the Municipality of Harrisville, Ritchie County, West Virginia, on April 17, 2013. (See, May 2, 2013 filing).

3. More than thirty (30) days have passed since the Notice of Filing was published in this matter by the Town of Harrisville and no public protests were received by the Public Service Commission during the public protest period or as of the date of this Recommended Decision. (See, case file generally).

4. The total estimated project cost is $3,517,000 and will be financed through a United States Department of Agriculture Rural Utilities Service grant in the amount of $1,343,000 and a United States Department of Agriculture Rural Utilities Service loan in the principal amount of $2,174,000, having an interest rate of 2.75%, for a term of thirty- eight (38) years. (See, May 28, 2013 filing; Third Further Final Joint Staff Memorandum and attachment filed August 9, 2013).

5. The existing sewer system facilities in the Town of Harrisville are subject to excessive amounts of extraneous flows and, as a consequence, the system routinely discharges or overflows significant volumes of untreated, raw sewage to area streams and water courses.

The Town of Harrisville's current NPDES permit requires that it locate and correct the sources of the extraneous flow. (See, Third Further Final Joint Staff Memorandum and attachment filed August 9, 2013).

6. Because of the extraneous flows into the Town of Harrisville's sewage system, untreated sewage is being discharged into the environment in direct violation of State and Federal law and placing the Town of Harrisville at risk for civil and criminal penalties. (See, Third Further Final Joint Staff Memorandum and attachment filed August 9, 2013).

7. Operation and maintenance expenses will decrease for the Town of Harrisville's sewage system once the source of the extraneous flows is corrected because the total volume of wastewater pumped and treated will be reduced. (See, Third Further Final Joint Staff Memorandum and attachment filed August 9, 2013).

8. Operation and maintenance expenses are estimated to decrease by $3,500 annually as a result of this project. (See, Third Further Final Joint Staff Memorandum and attachment filed August 9, 2013).

9. The Town of Harrisville adopted new municipal sewer rates and charges that are scheduled to become effective upon completion of the construction of the sewage system rehabilitation project that is the subject of this certificate application. (See, Third Further Final Joint Staff Memorandum and attachment filed August 9, 2013).

10. The Town of Harrisville's new municipal sewer rates and charges scheduled to become effective upon completion of the construction of the sewage system rehabilitation project are expected to generate an increase in the Town of Harrisville's annual sewer revenues of $72,405, or a 19.9% increase. (See, Third Further Final Joint Staff Memorandum and attachment filed August 9, 2013).

11. Commission Staff has reviewed the project and has recommended that the project and its proposed funding be approved. (See, Third Further Final Joint Staff Memorandum and attachment filed August 9, 2013).

12. No objection to Staff's Third Further Final Joint Staff Memorandum and Staff's recommendation contained therein that the proposed project and proposed project funding be approved was filed by the Town of Harrisville. (See, case file generally).

CONCLUSIONS OF LAW

1. The public convenience and necessity require the repairs and improvements to its existing sewer collection system facilities described by the Town of Harrisville in its certificate application filed on April 11, 2013.

2. It is reasonable to grant the Town of Harrisville's application for a certificate of convenience and necessity to construct repairs and improvements to its existing sewer collection

system facilities as described in its certificate application filed with the Public Service Commission of West Virginia on April 11, 2013.

3. It is reasonable to approve the proposed financing for the project, consisting of a grant in the amount of $1,343,000 from the United States Department of Agriculture Rural Utilities Service and a $2,174,000 loan from the United States Department of Agriculture Rural Utilities Service, having an interest rate of 2.75%, for a term of thirty-eight (38) years.

ORDER

IT IS, THEREFORE, ORDERED that the application filed herein on April 11, 2013, by the Town of Harrisville, for a certificate of convenience and necessity to construct repairs and improvements to its existing sewage collection system, be, and hereby is, granted.

IT IS FURTHER ORDERED that the Applicant's proposed financing for the project, consisting of a United States Department of Agriculture Rural Utilities Service grant in the amount of $1,343,000 and a United States Department of Agriculture Rural Utilities Service loan, having a principal amount of $2,174,000 and an interest rate of 2.75% for a term of thirty-eight (38) years, be, and hereby is, approved.

IT IS FURTHER ORDERED that the Town of Harrisville submit a certificate of substantial completion for each construction contract involved in this project, within ten (10) days of its issuance.

IT IS FURTHER ORDERED that the Town of Harrisville file a copy of the engineer's certified tabulation of bids for each construction contract or vendor bid contract awarded for this project, within ten (10) days of the bid opening date.

IT IS FURTHER ORDERED that, should there be any changes in the scope, plans or financing of the project, or if a change in project cost affects the rates associated with this project, the Town of Harrisville obtain Commission approval of such changes, prior to commencing construction.

IT IS FURTHER ORDERED that, if this project requires the use of Division of Highways' rights-of-way, the Town of Harrisville comply with all rules and regulations of the Division of Highways regarding the use of those rights-of-way.

IT IS FURTHER ORDERED that this matter be, and hereby is, removed from the Public Service Commission's docket of open cases.

IT IS FURTHER ORDERED that the Executive Secretary shall serve a copy of this Recommended Decision upon all parties by electronic service, if they have filed an e-service agreement with the Commission; by United States Certified Mail, return receipt requested, if they have not filed an e-service agreement with the Commission; and upon Commission Staff by hand delivery.

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 Recommended Decision 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 Recommended Decision 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 Executive Secretary. No such waiver will be effective until approved by order of the Commission.

Cecelia Gail Jarrell

Cecelia Gail Jarrell
Administrative Law Judge

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United States Department of Agriculture
Rural Development
West Virginia State Office

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COMMISSION
SECRETARY'S OFFICE

AUG 2 4 2012

The Honorable Alan R. Haught
Mayor, Town of Harrisville
PO Box 243
Harrisville WV 26362-0243

Re: Wastewater System Improvements Project

Dear Mayor Haught:

This letter, with Attachments 1 through 9 and enclosures, establishes conditions which must be understood and agreed to by you before further consideration may be given to your application. The loan and grant will be administered on behalf of the Rural Utilities Service (RUS) by the State and Area staff of USDA, Rural Development (RD). Any changes in project cost, source of funds, scope of services, or any other significant changes in the project or applicant must be reported to and approved by USDA, Rural Development, by written amendment to this letter. Any changes not approved by Rural Development shall be cause for discontinuing processing of the application.

The docket may be completed on the basis of an RD loan in the amount of $102,000, an RD grant in the amount of $1,343,000, and other loan funds in the amount of $2,072,000 for a total project cost of $3,517,000.

The loan and grant will be considered approved on the date a signed copy of Form RD 1940-1, "Request for Obligation of Funds," is mailed to you. The interest rate will be the lower of the rate in effect at the time of loan approval or the time of loan closing.

Extra copies of this letter are being provided for use by your engineer, attorney, bond counsel and accountant. All parties may access our web-site located at http://www.rurdev.usda.gov/RegulationsAndGuidance.html for the following:

a. RUS Instruction 1780, Subparts A, B, C, and D
b. RUS Bulletin 1780-30, "Water Programs Audit Guide and Compliance Supplement"

"USDA is an equal opportunity provider, employer and lender."
To file a complaint of discrimination write USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, DC 20250-9410 or call (800)795-3272 (voice) or (202)720-6382 (TDD).

c. RUS Bulletin 1780-31, "Water Programs Compliance Supplement For OMB Circular A-133 Audits"

Government Auditing Standards (Revision July 2007) - This document may be accessed at www.gao.gov/govaud/ybk01.htm.

The enclosures and attachments listed below are attached to the copies as noted.

Enclosed are the following:

Attachment No. 1 – Project Construction Budget (All Copies)
Attachment No. 2 – Water and Waste Processing Checklist (All Copies)
Attachment No. 3 – RUS Bulletin 1780-26, "Guidance for the Use of EJCDC Standard Documents on Water and Waste Project with RUS Financial Assistance" (Engineer Copy)
Attachment No. 4 – WV Supplemental General Conditions (Engineer Copy)
Attachment No. 5 – Form RD 1927-9, "Preliminary Title Opinion" (Attorney Copy)
Attachment No. 6 – Form RD 442-22, "Opinion of Counsel Relative to Rights-of-Way" (Attorney Copy)
Attachment No. 7 – Form RD 1927-10, "Final Title Opinion" (Attorney Copy)
Attachment No. 8 – Guidance to Local Attorney (Applicant and Attorney Copies)
Attachment No. 9 – Various other RD Forms as identified on Attachment No. 2

The conditions referred to above are as follows:

1. Fund Usage – Funds obligated under the terms of this letter of conditions are committed on the basis that your project will proceed to the construction stage in an expedient manner. RUS regulatory requirements (RUS Instruction 1782) now direct that any funds not disbursed within 60 months from the date of obligation will be de-obligated and returned to the Department of Treasury for further disposition to other RD project applicants. In the event that USDA determines that your project is not progressing within the five (5) year timeline and that funds will be recaptured, you will be given appeal rights and due process to document reasons why you believe the decision to de-obligate your project funds is not justified.

2. Loan Repayment – The loan will be scheduled for repayment over a period of 40 years. The payments due the first 24 months will consist of interest only. Payments for the remaining 456 months will be equal amortized monthly installments. For planning purposes use a 2.75% interest rate and a monthly amortization factor of .00354, which provides for a monthly payment of $362.00. You have the option of participating in the PREAUTHORIZED DEBIT (PAD) payment process. It will allow for your payment to be electronically debited from

your account on the day your payment is due. Your authority must establish and fund monthly a debt service reserve account, which equals 10% of your monthly payment each month until you accumulate the equivalent of one annual installment on your loan. You will be required to establish this debt service reserve account with the West Virginia Municipal Bond Commission. We also recommend that, as a part of this financing, you move any existing debt service reserve accounts to the Municipal Bond Commission as well. Your bond counsel will be able to assist you with this.

You are reminded that your authority may be required to refinance (graduate) the unpaid balance of its RD loan, in whole or in part, upon the request of RD if at any time it shall be determined the authority is able to obtain a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods or time.

3. Security – The loan must be secured by a statutory lien of equal priority, a pledge of the system's revenues and other agreements between you and RD as set forth in the bond ordinance which must be properly adopted and executed by the appropriate officials of your organization. Additional security requirements are contained in RUS Bulletin 1780-12 and RUS Bulletin 1780-27 which are mentioned later.

4. Users – This conditional commitment is based upon you providing evidence that you will have at least 832 bona fide users on the proposed system when it has been completed and is placed in operation.

   This evidence will consist of a signed certification from you that identifies and attests to the number of users actually connected to and using the Town's existing sewer system, which is to be improved by the new project, at the time you request authorization to advertise the proposed project for construction bids. The eleven (11) proposed new users on the system will be required by statute (mandatory hook-up provision) to connect to and utilize the system. The Town must provide a written certification that it will enforce the state statute.

   The RD loan and grant commitment is based on the Town providing service to one (1) large volume user. Evidence must be provided to show this user will actually be connected to the system when it is completed and that the monthly water usage projected for each by the engineer is reasonable. In the event this user refuses the offered service, the Town must obtain enough additional revenue (i.e., increase in user rates, sign up of an adequate number of other users, reduction in project scope to reduce debt service and O&M, etc.) to make up the projected income that would be lost by not having this user on the system.

5. Bond Counsel Services – The services of a recognized bond counsel are required. The bond counsel will prepare the form of ordinance to be used, in accordance with Subpart D of RUS Instruction 1780. You should immediately provide your bond counsel with a copy of this letter of conditions, its attachments and enclosures.

6. Engineering Services – RD has approved an Engineering Agreement between the Town and Cerrone Associates, Inc. Amendments to this agreement must be approved by RD.

7. Legal Services – RD has approved a Legal Services Agreement between the Town and Ira M. Haught. Amendments to this agreement must be approved by RD.

8. Accounting Services – RD has approved an Accountant Services Agreement between the Town and Edward R. Cokeley. Amendments to this agreement must be approved by RD.

   The accountant has agreed to provide the following:

   a. Prior to loan/grant closing, your accountant must certify that the accounts and records as required by your bond ordinance have been established and are operational.

   RUS regulations outline requirements for the submission of management reports and audits. Appropriate state statutes place certain audit requirements on the Town. The "Government Auditing Standards booklet (Revised 2007)" and RUS Bulletins 1780-30 and 1780-31 outline audit requirements.

   You are reminded that certain provisions of the Office of Management and Budget Circular A-133 are applicable to any public body or nonprofit association that expends $500,000 or more in federal funds in any one fiscal year. You must enter into an agreement annually with an accountant (or the State Tax Department) to perform the audit. The agreement must be in accordance with the requirements of the State Tax Commissioner of West Virginia. Compensation for preparation of the A-133 audit or your annual audit are not included in project funds and should be paid from the operational revenues generated from your system operation.

9. Facility Control – Prior to advertisement for construction bids, you must furnish satisfactory evidence that you have or can obtain adequate continuous and valid control over the lands and rights needed for the project. Such evidence must be in the following form:

a. A right-of-way map showing clearly the location of all lands and rights needed for the project. The map must designate public and private lands and rights and the appropriate legal ownership thereof.

b. A copy of deeds, contracts or options for any lands needed other than rights-of-way, along with a preliminary title opinion covering such lands. Form RD 1927-9, "Preliminary Title Opinion" may be used. In the case of your existing system or where the Town already acquired real property (land or facilities), a preliminary title opinion(s) concerning all such property(s) will be provided.

c. A narrative opinion from your attorney concerning all permits, certifications and other items necessary to show that all legal requirements can be met and stating how they will be met. This narrative should also identify any condemnation proceedings that are anticipated and state how they will be handled.

d. A certification and legal opinion relative to title to rights-of-way and easements. Form RD 442-22, "Opinion of Counsel Relative to Rights-of-Way," may be used. This form may contain a few exceptions such as properties that must be condemned; however, prior to the start of construction or loan closing, whichever occurs first, a new Form RD 442-22, must be provided which does not provide for any exceptions. The attorney's legal opinion should include a certification that all requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and West Virginia State Code Chapter 54 have been met in the acquisition of both real property and rights-of-way. Such requirements may include, but are not limited to, distributing informational material to all affected property owners, and completing appraisals of the affected properties.

e. On the day of loan closing, the Town's attorney must furnish final title opinions on all land(s) being acquired. Form RD 1927-10, "Final Title Opinion" may be used. In the case of your existing system or where the Town has already acquired real property(s) (land or facilities), the Town's attorney will provide a separate final title opinion(s) covering such property(s) on the day of loan closing.

10. Permits – Copies of all permits needed for the project must be provided for review prior to advertisement for construction bids. Such permits will include but are not limited to the following:

-State Department of Health

11. Public Service Commission Approvals – You must obtain the following from the West Virginia Public Service Commission:

    a. A Certificate of Convenience and Necessity.

    b. Approval of user charges that are acceptable to you and the Rural Utilities Service.

    c. Approval of financing for the project's proposed financing arrangements.

    The "Rule 42" Exhibit to be attached to the Public Service Commission application must contain at least the information shown in Attachment No. 1. A copy of the Public Service Commission application and its "Rule 42" Exhibit must be provided for review.

12. Insurance and Bonding Requirements – Prior to loan/grant closing or start of construction, whichever occurs first, you must acquire the types of insurance and bond coverage shown below. The use of deductibles may be allowed providing you have the financial resources to cover potential claims requiring payment of the deductible. RD strongly recommends that you have your engineer, attorney, and insurance provider(s) review proposed types and amounts of coverage, including any exclusions and deductible provisions. It is your responsibility and not that of RD to assure that adequate insurance and fidelity or employee dishonesty bond coverage is maintained.

    a. General Liability Insurance – This should include vehicular coverage.

    b. Workers' Compensation – In accordance with appropriate State laws.

    c. Position Fidelity Bond(s) – All positions occupied by persons entrusted with the receipt and/or disbursement of funds must be bonded. As a good business practice you will probably wish to have each position bonded in an amount equal to the maximum amount of funds to be under the control of that position at any one time. During the construction phase of your project, this maximum amount will be much greater than normal; therefore, it is our recommendation that you temporarily increase your coverage to an amount equal to one annual installment on outstanding RD sewer loans plus the amount of the estimated highest monthly construction drawdown. Once construction is complete, you may decrease the amount of your coverage. Please note that the cost of the temporary increase in coverage is an eligible project cost.

The minimum coverage acceptable to RD once your project is in operation will be for each position to be bonded for an amount at least equal to one annual installment on your loan(s).

d. Real Property Insurance – Prior to the acceptance of the facility from the contractor(s), you must obtain real property insurance (fire and extended coverage) on all above-ground structures, to include machinery and equipment housed therein. This does not apply to water reservoirs, standpipes, elevated tanks or noncombustible materials used in treatment plants, clearwells, filters and the like.

13. Environmental Requirements –

a. Mitigation – At the conclusion of the proposal's environmental review process, specific actions were negotiated with environmental regulatory officials to avoid or minimize adverse environmental impacts. Those action(s) are required for successful completion of the project and must be adhered to during project design and construction.

b. Project Modifications – The project as proposed has been evaluated to be consistent with all applicable environmental requirements. If the project or any project element deviates from or is modified from the original approved project, additional environmental review may be required.

14. Vulnerability Assessments (VA) and Emergency Response Plans (ERP) –

Congress enacted the Public Health Security and Bioterrorism Preparedness Response Act of 2002, Public Law 107-188 (Bioterrorism Act). The Bioterrorism Act amended the Safe Drinking Water (SDWA) to require all medium and large sized community water systems (serving populations greater than 3,300) to assess vulnerability to terrorist attack and develop emergency plans for response to such an attack. Medium and large community water systems are being monitored by the U.S. EPA for completion of VA's and ERP's.

Rural Development requires all financed water and wastewater systems to have a vulnerability assessment (VA) and an emergency response plan (ERP) in place. New water or wastewater systems must provide a certification that an ERP is complete prior to the start of operations. A certification that a VA is complete must be submitted within one year of the start of operations. All other borrowers must provide a certification that a VA and ERP are complete prior to bid authorization.

You will also be required to provide a certification that the VA and ERP is complete and is current every three years after the start of operations. RD does

not need or want a copy of the VA or ERP. The requested certification will be sufficient to meet our needs. Technical assistance providers are available to provide you with on site assistance if desired.

15. Civil Rights & Equal Opportunity – You should be aware of and will be required to comply with other federal statute requirements including but not limited to:

    Section 504 of the Rehabilitation Act of 1973 – Under section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. 794), no handicapped individual in the United States shall, solely by reason of their handicap, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving RD financial assistance.

    Civil Rights Act of 1964 – All borrowers are subject to, and facilities must be operated in accordance with, Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.) and Subpart E of Part 1901 of this title, particularly as it relates to conducting and reporting of compliance reviews. Instruments of conveyance for loans and/or grants subject to the Act must contain the covenant required by paragraph 1901.202(e) of this title.

    The Americans with Disabilities Act (ADA) of 1990 – This Act (42 U.S.C. 12101 et seq.) prohibits discrimination on the basis of disability in employment, State and local government services, public transportation, public accommodations, facilities, and telecommunications. Title II of the Act applies to facilities operated by State and local public entities which provides services, programs and activities. Title III of the Act applies to facilities owned, leased, or operated by private entities which accommodate the public.

    Age Discrimination Act of 1975 – This Act (42 U.S.C. 6101 et seq.) provides that no person in the United States shall on the basis of age, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance.

    RD financial programs must be extended without regard to race, color, religion, sex, national origin, marital status, age, or physical or mental handicap.

16. Contract Documents, Final Plans and Specifications –

    a. The contract documents should consist of the following:

        (1) EJCDC Document No. C-520, 2007 Edition, "Suggested Form of Agreement between Owner and Contractor (Stipulated Price) and EJCDC Document No. C-700, 2007 Edition, "Standard General Conditions of the Construction Contract" and

Attachments. The EJCDC document is issued under copyright and cannot be provided by RD.

(2) "RUS Supplemental General Conditions." (See RUS Bulletin 1780-26)

(3) "WV Supplemental General Conditions."

RUS Bulletin 1780-26, "Guidance for the Use of EJCDC Standard Documents on Water and Waste Projects with RUS Financial Assistance (August 20, 2009 Version)," must be used by your engineer in the preparation of the contract documents. See Attachment No. 3.

b. The contract documents must provide, as a minimum, the following insurance:

(1) Liability Insurance – Personal Liability - $500,000; Property Damage - $200,000 - $200,000. This coverage must include indemnification of the Town and its engineer. EJCDC Document C-700, "Standard General Conditions of the Construction Contract," Exhibit H to RUS Bulletin 1780-26, "Supplementary Conditions," and WV Supplemental General Conditions all suggest certain limits of liability for insurance coverage. Those limits should be considered as minimum requirements only. It is recommended you consider increasing the given limits of liability after analyzing your specific needs.

(2) Builder's Risk Insurance – On all structures and mechanical and electrical equipment in place or stored on the site to the full insurable value thereof.

(3) Workers' Compensation – In accordance with applicable State laws. See WV Supplemental General Conditions.

c. The contract documents and final plans and specifications must be submitted to RD for approval.

d. The project must be designed in compliance with Section 504 of the Rehabilitation Act of 1973.

17. State Prevailing Wage Law - You should ensure that all requirements of Article 5A of the West Virginia State Prevailing Wage Law, "Wages for Construction of Public Improvements" are met during construction of the project.

18. Disbursement of Funds – The RD funds will be advanced as they are needed in the amount(s) necessary to cover the RD proportionate share of any disbursements required of the Town, over 30 day periods. Funds will be disbursed by electronic transfer of funds.

    Any RD grant funds not disbursed immediately upon receipt must be deposited in an interest bearing account except as follows:

    b. Federal grant awards (includes all federal funding sources) are less than $120,000 per year.

    c. The best available interest bearing account would not be expected to earn in excess of the following:

        Non-Profits
        Interest earned on grant funds in excess of $250 per year will be remitted to RD annually as required in 7 CFR 3019.

        Public Bodies
        Interest earned on grant funds in excess of $100 per year will be submitted to RD at least quarterly as required in 7 CFR 3016.

    d. The depository would require a minimum balance so high that it would not be feasible.

    The Town will establish a separate fund, to be known and hereafter referred to as the Construction Account, with a lending institution insured by the Federal Deposit Corporation. The account shall be used solely for the purpose of paying the costs of the project as outlined in the construction budget. All funds in the account will be secured by a collateral pledge equaling at least 100% of the highest amount of funds expected to be deposited in the Construction Account. All deposits in excess of $250,000 will be secured by a collateral pledge in accordance with Treasury Circular Number 176.

    The Town must assure that all project funds are expended only for the eligible items included in the final project budget or as may be later approved by RD.

19. At a properly called meeting, you must adopt and properly execute the following forms, and minutes showing the adoption must be provided:

    Form RD 1940-1 – "Request for Obligation of Funds"
    RUS Bulletin 1780-12 – "Water or Waste System Grant Agreement"

RUS Bulletin 1780-27 – "Loan Resolution (Public Bodies)"
Certification of Compliance
Form RD 1942-46, "Letter of Intent to Meet Conditions"

20. The enclosed Water and Waste Processing Checklist (Attachment No. 2) outlines the items needed to complete the loan and grant docket. All the items listed must be included in the loan and grant docket when it is forwarded to the USDA – Rural Development State Office with a request for loan closing instructions to be issued.

21. Upon receipt of the loan and grant docket, which contains all the items required above, RD may authorize you to advertise the project for construction bids. Such advertisement must be in accordance with appropriate State statutes. Immediately after bid opening you must provide RD with (a) a bid tabulation, (b) recommendations from you and your engineer as to the acceptability of the bids received, and (c) your recommendations for contract awards. If all parties then agree the construction bids received are acceptable, it is determined that adequate funds are available to cover the total facility costs, and that all the administrative conditions of loan approval have been satisfied, loan closing instructions will be issued. The closing instructions, a copy of which will be forwarded to you, will set forth any further requirements that must be met before the loan can be closed. When all parties agree that the closing requirements can be met, a mutually acceptable date for the loan closing will be scheduled.

Any applicant contribution shall be considered as the first funds expended. After providing for all authorized costs, any remaining RD project funds will be considered to be RD grant funds and refunded to RD. If the amount of unused RD project funds exceeds the RD grant, that part would be RD loan funds.

If the conditions set forth in this letter are not met within twelve (12) months from the date hereof, RD reserves the right to discontinue processing of the application. In the event the project has not advanced to the point of loan closing within the twelve-month period and it is determined the authority still wishes to proceed, it will be necessary that the proposed budget be reviewed again in detail. If during that review, it is determined the budget is no longer current and/or adequate, RD reserves the right to require that it be revised or replaced.

We believe the information herein clearly sets forth the actions which must be taken; however, if you have any questions, please do not hesitate to contact me.

Sincerely yours,

BOBBY LEWIS
State Director

Enclosures

cc: Area Director, RD
Ripley, WV

Cerrone Associates, Inc.
Wheeling, WV

Cokeley & Associates, PLLC
Harrisville, WV

Ira M. Haught, Esquire
Harrisville, WV

Bond Counsel

Attachment No. 1 to Letter of Conditions
For: Town of Harrisville
Date: July 31, 2012

Wastewater System Improvements
Project Construction Budget

PROJECT COST	RD LOAN	RD GRANT	RD LOAN	TOTAL
CONSTRUCTION	$ 102,000	$ 983,800	$ 1,434,200	$ 2,520,000
CONST. CONTINGENCY		$ 68,800	$ 107,600	$ 176,400
LAND & RIGHTS			$ 20,000	$ 20,000
LEGAL FEES		$ 3,900	$ 6,100	$ 10,000
BOND COUNSEL			$ 25,000	$ 25,000
ACCOUNTING			$ 350	$ 350
ENGINEERING FEES		$ 252,520	$ 395,000	$ 647,520
Study & Report - $7,500				
Basic - $243,000				
Insp. - $110,000				
Special - $287,020				
INTEREST			$ 42,130	$ 42,130
PROJECT CONTG.		$ 33,980	$ 41,620	$ 75,600
TOTAL	**$102,000**	**$ 1,343,000**	**$ 2,072,000**	**$ 3,517,000**

Rates

Available for general domestic, commercial, and industrial service.

Customer Charge: Each customer of the sewer system shall pay a monthly customer charge of $4.73.

Commodity Charge: Each customer of the sewer system shall pay a charge of $9.30 for the first thousand gallons of water used and each and every thousand gallons used thereafter.

Flat Rate: Each customer of the sewer system which is not served by the water system of the Town of Harrisville shall pay a monthly fee of $46.58 (equivalent to 4,500 gallons usage) as a condition of being or remaining connected to the sewer system.

Delayed Payment Penalty

On all accounts 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 $15.00 fee on any check returned for insufficient funds.

Connection Charge

$225.00

Reconnection Charge

$10.00

Bill Analysis - See Attached

Cash Flow Analysis - See Attached

TOWN OF HARRISVILLE
OPERATING BUDGET

OPERATING INCOME		
Metered Sales	$ 397,323	
Misc. Service	$ 573	
TOTAL OPERATING INCOME		$ 397,896
NON OPERATING INCOME		
Interest income	$ 1,161	
TOTAL NON OPERATING INCOME		$ 1,161
TOTAL INCOME		$ 399,057
EXPENSES		
O & M	$ 165,907	
Taxes	$ 8,966	
TOTAL EXPENSES		$ 174,873
INCOME AVAILABLE FOR D/S (A)		$ 224,184
DEBT SERVICE		
Existing Bond P & I (B)	$ 98,664	
Proposed Bond P & I (B)	$ 92,400	
TOTAL DEBT SERVICE		$ 191,064
DEBT SERVICE RESERVE		
Debt Service Reserve	$ 9,867	
Proposed Debt Service Reserve	$ 9,240	
TOTAL DEBT SERVICE RESERVE		$ 19,107
SURPLUS (DEFICIT)		$ 14,013
DEBT COVERAGE (A/B)		117%

Harrisville Sewer System
Bill Analysis - 7/01/09 - 6/30/10

	Bills	Mgals	
July, 2005	831	3,443	
August, 2005	836	3,951	
September, 2005	834	3,419	
October, 2005	835	3,805	
November, 2005	833	3,670	
December, 2005	831	3,343	
January, 2006	833	4,723	
February, 2006	830	3,293	
March, 2006	830	3,348	
April, 2006	831	3,518	
May, 2006	832	3,477	
June, 2006	833	4,268	
Total Year	9,989	44,258	
Proforma Rates			
Customer Charge	$4.73		
Commodity Charge		$9.30	
Revenue	$47,247.97	$411,599.40	$458,847.37
		Correction Factor	0.865915
		Proposed Revenue	$397,322.82

USDA Rural Development
United States Department of Agriculture
Rural Development
Ripley Area Office

August 29, 2012

The Honorable Alan R. Haught
Mayor, Town of Harrisville
PO Box 243
Harrisville WV 26362-0243

Re: Wastewater System Improvements Project

Dear Mayor Haught:

This letter is to confirm delivery of the Letter of Conditions for the Town's loan and grant request in connection with the Wastewater System Improvements Project.

The Town was furnished with a copy of the Letter of Conditions which outlines certain requirements that must be met before the loan and grant can be closed. Additional copies were provided for distribution to the Town's engineer, bond counsel, accountant, and local attorney.

The twenty-one (21) conditions were discussed, responsibilities established, and agreements reached concerning the orderly processing of the loan and grant request.

Immediate plans subsequent to the delivery of the Letter of Conditions included the following:

1. The Town agreed to meet all items in the Letter of Conditions within twelve (12) months.

2. The Town will furnish Rural Development with the forms outlined in Item No. 19 of the Letter of Conditions, and a copy of the minutes outlining the proper adoption thereof.

3. The Town's bond counsel, accountant, local attorney, and engineer will proceed immediately to satisfy the requirements and conditions relative to their respective professions. Please work with your project professionals to develop a realistic Project Schedule, a copy of which should be provided to our office.

Enclosed is a copy of the "Items needed by Rural Development in order to request authorization to bid." We would appreciate receiving these items as they become available.

"USDA is an equal opportunity provider, employer and lender."
To file a complaint of discrimination write USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, DC 20250-9410, or call (800)795-3272 (voice) or (202) 720-6382 (TDD)

If you have any questions, please feel free to contact our office.

Sincerely,

VIRGINIA M. McDONALD
Area Specialist

Enclosure

cc: Cerrone Associates, Inc. w/ enclosure
Wheeling, WV

Samme L. Gee, Esquire w/ enclosure
Charleston, WV

Ira M. Haught, Esquire w/ enclosure
Harrisville, WV

Town of Harrisville
Wastewater System Improvements Project
8/29/12

Items needed by Rural Development in order to request authorization to bid:

1. Minutes adopting Drug-Free Workplace Program
2. RUS Bulletin 1780-12 – "Water or Waste System Grant Agreement"
3. RUS Bulletin 1780-27 – "Loan Resolution (Public Bodies)"
4. Certification of Compliance
5. Form RD 1942-46, "Letter of Intent to Meet Conditions"
6. Bond Counsel Engagement Letter
7. Agreement with current project accountant
8. Sewer Users Agreement for 11 new customers or State Health Dept. mandatory hook-up commitment letter
9. Certification the Town has 832 existing sewer customers
10. Accountant's Certification that accounts & records have been established per bond ordinance
11. Copy of PSC Rule 42 Exhibit
12. Dept. of Health Approval
13. DOH Permit
14. DEP Permit
15. Contract Documents, Plans & Specifications
16. Preliminary bond transcript
17. ROW Map – if applicable
18. Deeds and/or Options – if applicable
19. Preliminary Title Opinions – Form 1927-9 (for existing & project acquired sewer properties)
20. Narrative Opinion from Attorney
21. Opinion of Counsel Relative to ROWs – Form RD 442-22
22. PSC approval
23. Certifications on Vulnerability Assessments (VA) and Emergency Response Plans (ERP)

Please note – The forms identified in items 2-5 will be considered at the Town's 9/11/12 meeting.

United States Department of Agriculture
Rural Development
West Virginia State Office

October 29, 2012

The Honorable Alan R. Haught
Mayor, Town of Harrisville
PO Box 243
Harrisville WV 26362-0243

Re: Wastewater System Improvements Project

Dear Mayor Haught:

This letter, with Attachment No. 1 amends the letter of conditions dated July 31, 2012 and further establishes conditions which must be understood and agreed to by you before further consideration may be given to your application. The loan and grant will be administered by the State and Area staff of USDA, Rural Development. Any changes in project cost, source of funds, scope of services, or any other significant changes in the project or applicant must be reported to and approved by USDA, Rural Development by written amendment to this letter. Any changes not approved by Rural Development shall be cause for discontinuing processing of the application.

The docket may be completed on the basis of an initial RD loan in the amount of $102,000, a subsequent RD loan in the amount of $2,072,000, an initial RD grant in the amount of $1,343,000, for a total project cost of $3,517,000.

Subject to the requirements noted herein, all of the conditions of the July 31, 2012 letter of conditions remain in effect and must be satisfied prior to loan and grant closing.

Extra copies of this letter are being provided for use by your engineer, attorney, bond counsel and accountant. The enclosures and attachments listed below are attached to the copies as noted.

Enclosed are the following:

Attachment No. 1 - Project Construction Budget (All Copies)

1550 Earl Core Road • Suite101 • Morgantown, WV 26505
Phone: (304) 284-4860 OR 1-800-295-8228 • Fax: (304) 284-4893 • TDD: (304) 284-4836
Web: http://www.rurdev.usda.gov/wv

Committed to the future of rural communities.

"USDA is an equal opportunity provider, employer and lender."
To file a complaint of discrimination write USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, DC 20250-9410 or call (800)795-3272 (voice) or (202) 720-6382 (TDD).

The conditions referred to above are as follows:

1. Loan Repayment – The subsequent loan will be scheduled for repayment over a period of 40 years. The payments due the first 24 months will consist of interest only. The remaining 456 months will be equal amortized monthly installments. For planning purposes, use a 2.75% interest rate and monthly amortization factor of .00354 which provides for a monthly payment of $7,335 on the subsequent loan. The monthly payment for the initial $102,000 loan is $362 and the monthly payment for the subsequent $2,072,000 loan is $7,335, for a total loan of $2,174,000 and a total monthly payment of $7,697.

2. The bond for the $2,072,000 subsequent loan will need to be a separate bond and it will include the interest rate determined applicable prior to loan closing. It will be satisfactory for the subsequent loan bond to be described in the same loan resolution as the $102,000 initial loan and for all other information and items of the loan resolution and bond transcript to reflect a $2,174,000 total issue consisting of two or more bonds. A copy of this letter should be provided to your bond counsel immediately.

3. Public Service Commission Approval - You must obtain PSC approval of the project's proposed financing and user rates as may result from this amendment to the letter of conditions.

4. At a properly called meeting, you must adopt and properly execute the following forms, and minutes showing the adoption must be provided (you must also provide us with a copy of the minutes showing the adoption of the forms associated with the original letter of conditions):

   Form 1940-1 – "Request for Obligation of Funds"
   RUS Bulletin 1780-27 – "Loan Resolution"
   Form RD 1942-46 – "Letter of Intent to Meet Conditions"

If the conditions set forth in this letter are not met within six (6) months from the date hereof, RD reserves the right to discontinue processing of the application. In the event the project has not advanced to the point of loan closing within the six-month period and it is determined the Town still wishes to proceed, it will be necessary that the proposed budget be reviewed again in detail. If, during that review, it is determined the budget is no longer current and/or adequate, RD reserves the right to require that it be revised or replaced.

We believe the information herein clearly sets forth the actions which must be taken; however, if you have any questions, please do not hesitate to contact me.

Sincerely,

Susan L. Skidmore

for BOBBY LEWIS
State Director

Enclosures

cc: Area Director, RD
Ripley, WV

Bassett & Lowe, Certified Public Accountants
Milton, WV

Samme L. Gee, Esquire
Jackson Kelly, PLLC
Charleston, WV

Cerrone Associates, Inc.
Wheeling, WV

Ira M. Haught, Esquire
Harrisville, WV

Attachment No. 1 to Amended Letter of Conditions
For: Town of Harrisville
Date: October 29, 2012

Wastewater System Improvements
Project Construction Budget

PROJECT COST	RD LOAN	RD GRANT	RD LOAN	TOTAL
CONSTRUCTION	$ 102,000	$ 983,800	$ 1,434,200	$ 2,520,000
CONST. CONTINGENCY		$ 68,800	$ 107,600	$ 176,400
LAND & RIGHTS			$ 20,000	$ 20,000
LEGAL FEES		$ 3,900	$ 6,100	$ 10,000
BOND COUNSEL			$ 25,000	$ 25,000
ACCOUNTING			$ 350	$ 350
ENGINEERING FEES		$ 252,520	$ 395,000	$ 647,520
Study & Report - $7,500				
Basic - $243,000				
Insp. - $110,000				
Special - $287,020				
INTEREST			$ 42,130	$ 42,130
PROJECT CONTG.		$ 33,980	$ 41,620	$ 75,600
TOTAL	**$ 102,000**	**$ 1,343,000**	**$ 2,072,000**	**$ 3,517,000**

Rates

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Connection Charge

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Reconnection Charge

$10.00

Bill Analysis - See Attached

Cash Flow Analysis - See Attached

TOWN OF HARRISVILLE
OPERATING BUDGET

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NON OPERATING INCOME		
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TOTAL NON OPERATING INCOME		$ 1,161
TOTAL INCOME		$ 399,057
EXPENSES		
O & M	$ 165,907	
Taxes	$ 8,966	
TOTAL EXPENSES		$ 174,873
INCOME AVAILABLE FOR D/S (A)		$ 224,184
DEBT SERVICE		
Existing Bond P & I (B)	$ 98,664	
Proposed Bond P & I (B)	$ 4,344	
Proposed Bond P & I (B)	$ 88,020	
TOTAL DEBT SERVICE		$ 191,028
DEBT SERVICE RESERVE		
Debt Service Reserve	$ 9,867	
Proposed Debt Service Reserve	$ 435	
Proposed Debt Service Reserve	$ 8,802	
TOTAL DEBT SERVICE RESERVE		$ 19,104
SURPLUS (DEFICIT)		$ 14,052
DEBT COVERAGE (A/B)		117%

Harrisville Sewer System
Bill Analysis - 7/01/09 - 6/30/10

	Bills	Mgals	
July, 2005	831	3,443	
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May, 2006	832	3,477	
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Proforma Rates			
Customer Charge	$4.73		
Commodity Charge		$9.30	
Revenue	$47,247.97	$411,599.40	$458,847.37
		Correction Factor	0.865915
		Proposed Revenue	$397,322.82

USDA
United States Department of Agriculture

Rural Development

Ripley Area Office

2118 Ripley Road
Ripley, WV 25271

Phone: 304-372-6231
Ext. 4
Fax: 304-372-6856

November 14, 2013

The Honorable Alan R. Haught
Mayor, Town of Harrisville
PO Box 243
Harrisville WV 26362-0243

Re: Wastewater System Improvements Project

Dear Mayor Haught:

The pre-closing for the Town's Rural Development (RD) loan will be held on December 11, 2013, at 10:00 at the Town Hall in Harrisville, West Virginia. The preconstruction conference will be conducted at 11:00 AM. The official loan closing date for the Wastewater System Improvements Project will be December 13, 2013.

Reference is made to our Letter of Conditions dated July 31, 2012 and amended October 29, 2012. All of the requirements of these letters must be met and in addition, the loan must be closed in accordance with RUS Instruction 1780 and "Closing Guidelines for Community Facilities Loans to Public Bodies."

The initial RD loan of $102,000 will be closed utilizing an interest rate of 2.75%, resulting in a monthly payment of $362.00. The subsequent loan of $2,072,000 will be closed utilizing an interest rate of 2.5%, resulting in a monthly payment of $7,045.00. The Town must establish debt service reserve accounts at the West Virginia Municipal Bond Commission. These accounts must be funded on a monthly basis with an amount equal to 10% of the monthly payment until the equivalent of one annual installment on the loan is accumulated.

The following items should be submitted to our office as soon as possible but no later than December 4, 2013:

1. The Town's engineer must provide a resume of the proposed inspector(s).

2. The Town must provide a letter accepting the proposed inspector(s).

3. The Town's accountant must certify that the accounts and records as required by the Town's bond ordinance have been established and are operational.

4. The Town must provide evidence that it has acquired insurance and bond coverage in accordance with Item 12 of the Letter of Conditions. The Town's existing position fidelity coverage must be increased by at least the amount of the estimated highest monthly construction drawdown. The additional premium for this coverage is an eligible project expense and may be reimbursed from project funds. Once construction is complete, the position fidelity coverage may be decreased to not less than the amount of one annual installment on your Rural Development loans.

USDA is an equal opportunity provider and employer.

If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, found online at http://www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter to us by mail at U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at program.intake@usda.gov.

5. The Town must furnish evidence that it provides State Workers' Compensation Insurance. A certificate of good standing will be satisfactory.

6. An advance copy of the first drawdown. Please make sure that requested payments do not exceed the amounts in the various professional agreements as approved by RD.

7. A copy of the specimen bond.

8. The Town must furnish evidence that the West Virginia Public Service Commission has approved the project.

On the day of pre-closing, the following documents must be provided:

1. The Town's attorney will need to provide Form RD 442-22 "Opinion of Counsel Relative to Rights of Way," showing no exceptions. This form should be dated December 13, 2013.

2. The Town's attorney must furnish a Form RD 1927-10 "Final Title Opinion," on all property being acquired and for all existing property owned by the Town in connection with the sewer system. A single final title opinion may be provided if it includes an attachment which adequately addresses each of the parcels identified in the preliminary title opinions. The opinion should be dated December 13, 2013.

There will be a conference call on Wednesday, December 4, 2013 at 10:00 AM to discuss the upcoming loan pre-closing and pre-construction conference. The call in number is (888) 844-9904 and the access code is 4255829#.

If you have any questions regarding these or any other matters pertaining to your loan, please contact our office at your earliest convenience.

Sincerely,

VIRGINIA M. McDONALD
Area Specialist

enclosure

cc: State Director
ATTN: Community Programs
Morgantown, WV

Cerrone Associates, Inc.
Wheeling, WV

Bassett & Lowe, Certified Public Accountants
Milton, WV

Ira M. Haught, Esquire
Harrisville, WV

Samme L. Gee, Esquire
Jackson Kelly, PLLC
Charleston, WV

USDA United States Department of Agriculture

FILE COPY

Rural Development

Ripley Area Office

2118 Ripley Road
Ripley, WV 25271

Phone: 304-372-6231
Ext. 4
Fax: 304-372-6856

December 13, 2013

The Honorable Alan R. Haught
Mayor, Town of Harrisville
PO Box 243
Harrisville WV 26362-0243

Re: Wastewater System Improvements Project

Dear Mayor Haught:

Please consider this letter a general outline of requirements the Town has agreed to adhere to in connection with receiving the Rural Development (RD) loans of $102,000 and $2,072,000.

The Town will be required to pay interest only on the loans for two (2) years from the date of loan closing. Payments of interest for one year after loan closing or until the system is operational have been included as a project cost. The first interest payments will be due **December 13, 2014**. Interest payments for the second year will be determined based upon the amount of funds disbursed and made on a monthly basis. Regular monthly principal and interest payments will begin on **January 13, 2016**, and will continue on the **13th** day of each month thereafter until the loan is retired. However, these payments may commence earlier should the Town so desire and revenues permit.

Payments should be made payable to Rural Development and sent to:

USDA Rural Development
2118 Ripley Road
Ripley, WV 25271.

The Town's bond ordinances stipulate the establishment of accounts. This is nothing more than your agreement regarding the use of revenues of the water system and is outlined as follows:

Sewer ~~Water~~ Revenue Bonds - Series 2013

Revenue Account

1. Operation and Maintenance Fund

2. Debt Service Funds – Regular payments of **$362.00** and **$7,045.00** per month to Rural Development until retirement of the debt.

3. Debt Service Reserve Funds – Deposit **$37.00** and **$705.00** per month until balances of **$4,344.00** and **$84,540.00** are attained. These accounts are to be established with the West Virginia Municipal Bond Commission. Funding of these accounts will commence no later than **January 13, 2016**.

It is important that the funds be managed in accordance with your bonds. Accordingly, you should refer to the bond ordinances if you have questions regarding the flow of funds.

USDA is an equal opportunity provider and employer.

If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, found online at http://www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter to us by mail at U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at program.intake@usda.gov.

In addition to the financial obligations of the loan documents, the Town will be required to submit annual management reports to Rural Development for the sewer system. The management reporting requirements are specified below:

1. One month prior to the beginning of your fiscal year:

   Form RD 442-2, "Statement of Budget, Income and Equity", with data entered in column 3 of page 1, "Annual Budget", of Schedule 1, and all of Schedule 2, "Projected Cash Flow", completed.

2. Within 30 days after the end of the first three quarters:

   Form RD 442-2, "Statement of Budget, Income and Equity", with all of Schedule 1 completed.

3. Within 60 days following the end of your fiscal year:
   a. Form RD 442-2, "Statement of Budget, Income and Equity", with all information completed on Schedule 1.
   b. Form RD 442-3, "Balance Sheet".
   c. A copy of the rate schedule in effect at the time of submission

4. Annual Audit Report (a. or b. as applicable)
   a. If the Town expends $500,000 or more in Federal financial assistance per fiscal year, an audit conducted in accordance with OMB Circular A-133 and RUS Bulletin 1780-31 is due within 9 months after the end of that fiscal year.
   b. If the Town expends less than $500,000 in Federal financial assistance per fiscal year and has an outstanding RD loan balance of $1,000,000 or more, an audit in accordance with Generally Accepted Government Auditing Standards (GAGAS) and RUS Bulletin 1780-30, Water Programs Audit Guide and Compliance Supplement is due within 150 days after the end of that fiscal year.

The forms and bulletins referenced above may be accessed at http://www.rurdev.usda.gov/regs/ or http://www.usda.gov/rus/water/regs.htm.

We hope this information is helpful to the Town in understanding its obligations. However, please feel free to contact the USDA Rural Development Area Office in Ripley at 304-372-6231, extension 4 should you have questions.

Sincerely,

Virginia M McDonald

VIRGINIA M. McDONALD
Area Specialist

cc: State Director
USDA Rural Development
Morgantown, WV

RUS BULLETIN 1780-27
(Automated 8-97)

FORM APPROVED
OMB. No. 0575-0015

COPY

LOAN RESOLUTION
(Public Bodies)

A RESOLUTION OF THE **Council**

OF THE **Town of Harrisville**

AUTHORIZING AND PROVIDING FOR THE INCURRENCE OF INDEBTEDNESS FOR THE PURPOSE OF PROVIDING A PORTION OF THE COST OF ACQUIRING, CONSTRUCTING, ENLARGING, IMPROVING, AND/OR EXTENDING ITS **Sewer System**

FACILITY TO SERVE AN AREA LAWFULLY WITHIN ITS JURISDICTION TO SERVE

WHEREAS, it is necessary for the **Town of Harrisville**
(Public Body)

(herein after called Association) to raise a portion of the cost of such undertaking by issuance of its bonds in the principal amount of

TWO MILLION SEVENTY-TWO THOUSAND AND XX / 100 DOLLARS (2,072,000.00)

pursuant to the provisions of **Chapter 16 Article 13, West Virginia** ; and

WHEREAS, the Association intends to obtain assistance from the United States Department of Agriculture, (herein called the Government) acting under the provisions of the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) in the planning. financing, and supervision of such undertaking and the purchasing of bonds lawfully issued, in the event that no other acceptable purchaser for such bonds is found by the Association:

NOW THEREFORE, in consideration of the premises the Association hereby resolves:

1. To have prepared on its behalf and to adopt an ordinance or resolution for the issuance of its bonds containing such items and in such forms as are required by State statutes and as are agreeable and acceptable to the Government.
2. To refinance the unpaid balance, in whole or in part, of its bonds upon the request of the Government if at any time it shall appear to the Government that the Association is able to refinance its bonds by obtaining a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods of time as required by section 333(c) of said Consolidated Farm and Rural Development Act (7 U.S.C. 1983(c)).
3. To provide for, execute, and comply with Form RD 400-4, "Assurance Agreement," and Form RD 400-1, "Equal Opportunity Agreement," including an "Equal Opportunity Clause," which clause is to be incorporated in, or attached as a rider to, each construction contract and subcontract involving in excess of $10,000.
4. To indemnify the Government for any payments made or losses suffered by the Government on behalf of the Association Such indemnification shall be payable from the same source of funds pledged to pay the bonds or any other legally permissible source.
5. That upon default in the payments of any principal and accrued interest on the bonds or in the performance of any covenant or agreement contained herein or in the instruments incident to making or insuring the loan, the Government at its option may (a) declare the entire principal amount then outstanding and accrued interest immediately due and payable, (b) for the account of the Association (payable from the source of funds pledged to pay the bonds or any other legally permissible source), incur and pay reasonable expenses for repair, maintenance, and operation of the facility and such other reasonable expenses as may be necessary to cure the cause of default, and/or (c) take possession of the facility, repair, maintain, and operate or rent it. Default under the provisions of this resolution or any instrument incident to the making or insuring of the loan may be construed by the Government to constitute default under any other instrument held by the Government and executed or assumed by the Association, and default under any such instrument may be construed by the Government to constitute default hereunder.
6. Not to sell, transfer, lease, or otherwise encumber the facility or any portion thereof, or interest therein, or permit others to do so, without the prior written consent of the Government.
7. Not to defease the bonds, or to borrow money, enter into any contractor agreement, or otherwise incur any liabilities for any purpose in connection with the facility (exclusive of normal maintenance) without the prior written consent of the Government if such undertaking would involve the source of funds pledged to pay the bonds.
8. To place the proceeds of the bonds on deposit in an account and in a manner approved by the Government. Funds may be deposited in institutions insured by the State or Federal Government or invested in readily marketable securities backed by the full faith and credit of the United States. Any income from these accounts will be considered as revenues of the system
9. To comply with all applicable State and Federal laws and regulations and to continually operate and maintain the facility in good condition.
10. To provide for the receipt of adequate revenues to meet the requirements of debt service, operation and maintenance, and the establishment of adequate reserves. Revenue accumulated over and above that needed to pay operating and maintenance, debt service and reserves may only be retained or used to make prepayments on the loan Revenue cannot be used to pay any expenses which are not directly incurred for the facility financed by USDA No free service or use of the facility will be permitted.

Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing the burden, to Department of Agriculture, Clearance Officer, OIRM, Room 404-W, Washington, DC 20250; and to the Office of Management and Budget, Paperwork Reduction Project (OMB No. 0575-0015), Washington, DC 20503.

11. To acquire and maintain such insurance and fidelity bond coverage as may be required by the Government
12. To establish and maintain such books and records relating to the operation of the facility and its financial affairs and to provide for required audit thereof as required by the Government, to provide the Government a copy of each such audit without its request, and to forward to the Government such additional information and reports as it may from time to time require.
13. To provide the Government at all reasonable times access to all books and records relating to the facility and access to the property of the system so that the Government may ascertain that the Association is complying with the provisions hereof and of the instruments incident to the making or insuring of the loan.
14. That if the Government requires that a reserve account be established, disbursements from that account(s) may be used when necessary for payments due on the bond if sufficient funds are not otherwise available and prior approval of the government is obtained. Also, with the prior written approval of the Government, funds may be withdrawn and used for such things as emergency maintenance, extensions to facilities, and replacement of short lived assets.
15. To provide adequate service to all persons within the service area who can feasibly and legally be served and to obtain USDA's concurrence prior to refusing new or adequate services to such persons. Upon failure to provide services which are feasible and legal, such person shall have a direct right of action against the Association or public body.
16. To comply with the measures identified in the Government's environmental impact analysis for this facility for the purpose of avoiding or reducing the adverse environmental impacts of the facility's construction or operation.
17. To accept a grant in an amount not to exceed _____

under the terms offered by the Government; that **Mayor**

and **Recorder** of the Association are hereby authorized and empowered to take all action necessary or appropriate in the execution of all written instruments as may be required in regard to or as evidence of such grant; and to operate the facility under the terms offered in said grant agreement(s).

The provisions hereof and the provisions of all instruments incident to the making or the insuring of the loan, unless otherwise specifically provided by the terms of such instrument, shall be binding upon the Association as long as the bonds are held or insured by the Government or assignee. The provisions of sections 6 through 17 hereof may be provided for in more specific detail in the bond resolution or ordinance; to the extent that the provisions contained in such bond resolution or ordinance should be found to be inconsistent with the provisions hereof, these provisions shall be construed as controlling between the Association and the Government or assignee.

Yeas 5 Nays 0 Absent 0

IN WITNESS WHEREOF, the **Council** of the **Town of Harrisville** has duly adopted this resolution and caused it to be executed by the officers below in duplicate on this 13th day of November, 2012

Town of Harrisville

(SEAL) (if applicable)

By [signature]

Attest: Ronda K White

Title MAYOR

Title Recorder

CERTIFICATION TO BE EXECUTED AT LOAN CLOSING

I, the undersigned, as Recorder of the Town of Harrisville

hereby certify that the Town Council of such Association is composed of

5 members, of whom , 5 constituting a quorum, were present at a meeting thereof duly called and

held on the 13th day of November, 2012 ; and that the foregoing resolution was adopted at such meeting

by the vote shown above, I further certify that as of December 13, 2013 ,
the date of closing of the loan from the United States Department of Agriculture, said resolution remains in effect and has not been rescinded or amended in any way.

Dated, this 13th day of December, 2013

Ronda K. White

Ronda K. White

Title Recorder

17 SEP 2012

Position 5

RUS BULLETIN 1780-27
(Automated 8-97)

FORM APPROVED
OMB. No. 0575-0015

LOAN RESOLUTION
(Public Bodies)

COPY

A RESOLUTION OF THE **Council**

OF THE **Town of Harrisville**

AUTHORIZING AND PROVIDING FOR THE INCURRENCE OF INDEBTEDNESS FOR THE PURPOSE OF PROVIDING A PORTION OF THE COST OF ACQUIRING, CONSTRUCTING, ENLARGING, IMPROVING, AND/OR EXTENDING ITS **Sewer System**

FACILITY TO SERVE AN AREA LAWFULLY WITHIN ITS JURISDICTION TO SERVE.

WHEREAS, it is necessary for the **Town of Harrisville** *(Public Body)*

(herein after called Association) to raise a portion of the cost of such undertaking by issuance of its bonds in the principal amount of

ONE HUNDRED TWO THOUSAND AND XX / 100 DOLLARS (102,000.00)

pursuant to the provisions of **Chapter 16 Article 13, West Virginia** ; and

WHEREAS, the Association intends to obtain assistance from the United States Department of Agriculture, (herein called the Government) acting under the provisions of the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) in the planning, financing, and supervision of such undertaking and the purchasing of bonds lawfully issued, in the event that no other acceptable purchaser for such bonds is found by the Association:

NOW THEREFORE, in consideration of the premises the Association hereby resolves:

1. To have prepared on its behalf and to adopt an ordinance or resolution for the issuance of its bonds containing such items and in such forms as are required by State statutes and as are agreeable and acceptable to the Government.
2. To refinance the unpaid balance, in whole or in part, of its bonds upon the request of the Government if at any time it shall appear to the Government that the Association is able to refinance its bonds by obtaining a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods of time as required by section 333(c) of said Consolidated Farm and Rural Development Act (7 U.S.C. 1983(c)).
3. To provide for, execute, and comply with Form RD 400-4, "Assurance Agreement," and Form RD 400-1, "Equal Opportunity Agreement," including an "Equal Opportunity Clause," which clause is to be incorporated in, or attached as a rider to, each construction contract and subcontract involving in excess of $10,000.
4. To indemnify the Government for any payments made or losses suffered by the Government on behalf of the Association. Such indemnification shall be payable from the same source of funds pledged to pay the bonds or any other legally permissible source.
5. That upon default in the payments of any principal and accrued interest on the bonds or in the performance of any covenant or agreement contained herein or in the instruments incident to making or insuring the loan, the Government at its option may (a) declare the entire principal amount then outstanding and accrued interest immediately due and payable, (b) for the account of the Association (payable from the source of funds pledged to pay the bonds or any other legally permissible source), incur and pay reasonable expenses for repair, maintenance, and operation of the facility and such other reasonable expenses as may be necessary to cure the cause of default, and/or (c) take possession of the facility, repair, maintain, and operate or rent it. Default under the provisions of this resolution or any instrument incident to the making or insuring of the loan may be construed by the Government to constitute default under any other instrument held by the Government and executed or assumed by the Association, and default under any such instrument may be construed by the Government to constitute default hereunder.
6. Not to sell, transfer, lease, or otherwise encumber the facility or any portion thereof, or interest therein, or permit others to do so, without the prior written consent of the Government.
7. Not to defease the bonds, or to borrow money, enter into any contractor agreement, or otherwise incur any liabilities for any purpose in connection with the facility (exclusive of normal maintenance) without the prior written consent of the Government if such undertaking would involve the source of funds pledged to pay the bonds.
8. To place the proceeds of the bonds on deposit in an account and in a manner approved by the Government. Funds may be deposited in institutions insured by the State or Federal Government or invested in readily marketable securities backed by the full faith and credit of the United States. Any income from these accounts will be considered as revenues of the system.
9. To comply with all applicable State and Federal laws and regulations and to continually operate and maintain the facility in good condition.
10. To provide for the receipt of adequate revenues to meet the requirements of debt service, operation and maintenance, and the establishment of adequate reserves. Revenue accumulated over and above that needed to pay operating and maintenance, debt service and reserves may only be retained or used to make prepayments on the loan. Revenue cannot be used to pay any expenses which are not directly incurred for the facility financed by USDA. No free service or use of the facility will be permitted.

Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing the burden, to Department of Agriculture, Clearance Officer, OIRM, Room 404-W, Washington, DC 20250; and to the Office of Management and Budget, Paperwork Reduction Project (OMB No. 0575-0015), Washington, DC 20503.

11. To acquire and maintain such insurance and fidelity bond coverage as may be required by the Government.
12. To establish and maintain such books and records relating to the operation of the facility and its financial affairs and to provide for required audit thereof as required by the Government, to provide the Government a copy of each such audit without its request, and to forward to the Government such additional information and reports as it may from time to time require.
13. To provide the Government at all reasonable times access to all books and records relating to the facility and access to the property of the system so that the Government may ascertain that the Association is complying with the provisions hereof and of the instruments incident to the making or insuring of the loan.
14. That if the Government requires that a reserve account be established, disbursements from that account(s) may be used when necessary for payments due on the bond if sufficient funds are not otherwise available and prior approval of the government is obtained. Also, with the prior written approval of the Government, funds may be withdrawn and used for such things as emergency maintenance, extensions to facilities, and replacement of short lived assets.
15. To provide adequate service to all persons within the service area who can feasibly and legally be served and to obtain USDA's concurrence prior to refusing new or adequate services to such persons. Upon failure to provide services which are feasible and legal, such person shall have a direct right of action against the Association or public body.
16. To comply with the measures identified in the Government's environmental impact analysis for this facility for the purpose of avoiding or reducing the adverse environmental impacts of the facility's construction or operation.
17. To accept a grant in an amount not to exceed **$1,343,000** under the terms offered by the Government; that **Mayor** and **Recorder** of the Association are hereby authorized and empowered to take all action necessary or appropriate in the execution of all written instruments as may be required in regard to or as evidence of such grant; and to operate the facility under the terms offered in said grant agreement(s).

The provisions hereof and the provisions of all instruments incident to the making or the insuring of the loan, unless otherwise specifically provided by the terms of such instrument, shall be binding upon the Association as long as the bonds are held or insured by the Government or assignee. The provisions of sections 6 through 17 hereof may be provided for in more specific detail in the bond resolution or ordinance; to the extent that the provisions contained in such bond resolution or ordinance should be found to be inconsistent with the provisions hereof, these provisions shall be construed as controlling between the Association and the Government or assignee.

Yeas 4 Nays 0 Absent 1

IN WITNESS WHEREOF, the **Council** of the **Town of Harrisville** has duly adopted this resolution and caused it to be executed by the officers below in duplicate on this 11 day of Sept., 2012

(SEAL) (if applicable)

Attest: Ronda White

Title Ronda White, Recorder

Town of Harrisville

By Alan R. Haught

Title Alan R. Haught, Mayor

CERTIFICATION TO BE EXECUTED AT LOAN CLOSING

I, the undersigned, as Recorder of the Town of Harrisville

hereby certify that the Town Council of such Association is composed of

5 members, of whom , 5 constituting a quorum, were present at a meeting thereof duly called and

held on the 11th day of September, 2012 ; and that the foregoing resolution was adopted at such meeting

by the vote shown above, I further certify that as of December 13, 2013 ,
the date of closing of the loan from the United States Department of Agriculture, said resolution remains in effect and has not been rescinded or amended in any way.

Dated, this 13th day of December, 2013

Ronda K. White

Ronda K. White

Title Recorder

Public Meeting: Chevaux de Frise Waterline Extension

November 13, 2012

A Public meeting was held Tuesday, November 13, 2012 at 7:30 p.m., in the meeting room at the Municipal Building. The hearing was in regard to the Chevaux de Frise Water line Extension Project notice of intent to file. Attending were Mayor Alan R. Haught, Recorder Ronda K. White, and Council Members: Joe Jarrell, Barbara Lowther, Jeffrey Hardman, David Lamm, and Richard Kerns, also Mark Lamp, Kenna Davis, Denise Duelley, Jim Turner, Steve Worden, Roger Cowan, Lonnie Richards, Kate Williams, Barbara McBride, Ren Duvall, Anita Richards, Bryan McDonald, Millard Riggs, Ada Riggs, Jamie Spencer, Josh Cline, Ed Cline, Bonnie Cline, Phil Dorsey, Patsy Hodge, Bob Hodge, Suzann Wolfe, Lou Ann Wyer, Mary Hodge, and Bennie Hodge.

The Mayor called the public meeting to order by stating the purpose of this meeting was to provide an opportunity for the public to get acquainted with the purposed project. The Mayor then called for comments and/or questions. Comments: Phil Dorsey whom lives on Bunnels Run was wondering if he had to take the water because he had a good well and wasn't in need of water at this time, while Bryan McDonald was wondering if water could be extended to take in his home that is down from Riddle's Chapel Church. The Mayor explained that the intent was to put water up Bunnels Run but different funding districts made it difficult and would have killed the whole project, so the only intent now is to run water to the church. Some other comments were what is the progress and how far up side roads the extension will go, what the time line is , how long they have to pay the tap at $100.00 before it goes to $300.00 and whether the project included fire hydrants. The questions and support for the project were greatly appreciated and the Mayor explained that coming to the meeting and showing support was a good step and the process is moving along nicely.

No other comments and/or objections were presented or received in the recorder's office prior to the meeting after the public hearing was advertised. The Mayor declared the public hearing closed at 7:42 p.m.

Council

November 13, 2012

7:30 P.M.

The Council for the Town of Harrisville met in Regular Session Tuesday, November 13, 2012, at 7:30 p.m., in the Meeting Room. Attending were; Mayor Alan R. Haught, Recorder Ronda K. White, and Council Members: Joe Jarrell, Barbara Lowther, Jeffrey Hardman, David Lamm, and Richard Kerns, also Mark Lamp, Kenna Davis, Denise Duelley, Jim Turner, Steve Worden, Roger Cowan, Lonnie Richards, Kate Williams, Barbara McBride, Ren Duvall, Anita Richards, Suzann Wolfe, and Lou Ann Wyer.

The Mayor called the meeting to order and the minutes of the October 09, 2012 meeting were approved as presented.

Requests to be on Agenda:

Stephen Worden; Mr. Worden reviewed what he had addressed at the two previous council meetings. He had also spoken to Mayor of Williamstown Jean Ford concerning their sales tax implementation. The information that was researched showed that Williamstown had worked on the ordinance for five to six years; they had realized that a major manufacturer was having problems economically and knew they were a major source of revenue for the city, and Williamstown has a population of 3000 people. Mr. Worden then asked what the Town's general government line item on the budget consisted of and what the Culture and Recreation line item on the budget was to be used for. In closing he asked that council abandon the passage of this ordinance in these economic times.

The Mayor asked Council if they had any questions and/or discussion:

Councilmember Kerns informed Mr. Worden that the budget is publicized in both papers after it is passed and can be obtained from the Town Building because it is public knowledge. He then commented that the reason the Town has to consider other revenue is due to the loss of revenue from the tax base. Also as long as he has set on Council if something was needed there have been funds available to purchase it and everyone setting in the room is affected by the 1% tax.

The Mayor answered the questions of what the budget line items were allotted for Public Safety is for the Police, 44,500 is in streets and is for street projects, which the town has to wait 3 to 4 years for the money to build up before a project can be started. The Culture and Recreation is mainly made up of rent money from Primary Care/Community Center for upkeep of the building.

Councilmember Jarrell commented that in twenty years the Council and Mayor operates in the same manner. Also as long as he had been Treasurer he has never signed a check that was bad. If the 1% tax is approved I will pay it because I support the Town and am pleased with how the town has operated over the years.

Jim Turner; is a small business owner in Harrisville and he is against the tax. He wanted to reiterate that the 1% tax would hurt the people coming in to town to do business and in the process hurt the businesses. He is concerned about the elderly people that are on a fixed income and don't have the money to pay the extra 1%. He would rather see a utility tax instead of the Sales Tax.

The Mayor asked for comments or discussion;

Councilmember Jarrell explained that the Town isn't trying to push something on the people that they don't want, but council needs more suggestions that can be discussed and researched.

Steve Worden wanted to inform Council that he had researched the utility tax also and a utility is something that can be adjusted as the town needs it. The utility has the ability to tell you how much will be collected.

The Mayor ended the discussion by saying that small communities have relied on federal government hand outs and have dried up.

The Mayor asked for any further questions from Council with none being heard, he thanked the residents for coming.

Mayor's Report:

Sanitary Board; Met this evening with the operator reporting that the plant and tests are good, one pump at the Simonton Lift Station is down and it looks like a new pump will have to be purchased at approximately $10,000.

Hughes River Water Board; Met last evening with the operators reporting that the plant is running good. The rebuilt pump is in the river and a bridge has been constructed that will help the operators install and remove pumps in the future. The other pump is in the shop being worked on, once finished it will be used as a spare in case of an emergency. There are substantial repairs to be done yet and that project is coming along.

Wastewater System Improvements; USDA provided the Town with its supplemental loan to complete financing for this project. This concludes the funding acquisition phase. Since the additional funding has been committed, the Town can begin the process of finishing the Rule 42. Once that is complete legal counsel will have everything he needs to file with the PSC.

Chevaux de Frise Water Extension; The engineers have submitted the USDA RD application to the Ripley office for that agency's share of the recommended funding. Most of the application is complete except for the environmental report. The other funding from the WVIJDC has already been recommended by that agency. Base maps are in the process of being prepared; once this is complete Cerrone Engineers will meet with the Town to kick off the field design. They anticipate a four to five month design phase after that time.

Sidewalk Project; This project is still at the Department of Highways being reviewed.

Superintendants Report; was submitted written and included twenty-six (26) items.

Police Report; was submitted written with fifty-four calls in total.

Old Business:

Christmas Lights Fund; The revenue for the fund is $4,660.00 while the expenditures are totaled at $6786.52.

Water Meters Installed; there are eight hundred forty-six (846) meters installed in town. Approximately fifty more to be replaced, the workers are just waiting on a day to finish.

New Business:

2nd Reading of the Alternate Sales Tax; After the second reading Council will then have discussion and vote on the ordinance.

Mayor Haught asked for a motion from Council to read the ordinance by title.

Jarrell made the motion to read the ordinance by title, Hardman seconded the motion which carried by a unanimous vote.

The Mayor read the ordinance by title. He then asked for a motion from Council to adopt the ordinance.

Lamm made the motion to abandon the alternate sales tax at this time and research it more, Jarrell seconded the motion. The Mayor asked if Council had any questions or discussion.

Jarrell replied that Council should research the decision more since they now have alternatives. Hardman said he agreed with Councilmember Jarrell that more research should be

obtained and he thanked everyone and the Mayor. Kerns suggested that the decision be tabled for now. Lamm said that Council is divided now and needs to do more research on the sales tax and also other options. The Mayor recommended that rather then make a motion to abandon the tax Council should do nothing, until the research can be completed.

Council Member Lamb rescinded the motion to abandon the tax, Jarrell rescinded his second to the motion. The Mayor asked for further action at this time, hearing none we will move on.

RUS – Forms for Wastewater System Improvements Project;

The Mayor presented the following Rural Utilities Service Forms to Council for adoption;

Form RD 1940-1	"Request for Obligation of Funds"
RUS Bulletin 1780-27	"Loan Resolution (Public Bodies)
Form RD 1942-46	"Letter of Intent to Meet Conditions"

As were found in the "Letter of Conditions". The Mayor informed Council that the forms had been accepted by the Sanitary Board and sent to Council for ratification. He also explained that this is the remainder of the loan for this project and will be added to the $102,000 loan and 1,343,000 grants from before. Kerns moved to adopt the stated forms, Lamm seconded the motion, which carried by a unanimous vote. The Recorder polled Council for form 1780-27 for each individual vote. There were a total of five yeas, zero nays, with no one being absent. Mayor Haught and the Recorder then signed the adopted documents. (A copy of RUS Form 1780-27 Loan Resolution is attached to this minute record.)

Bond Counsel Agreement – Chevaux de Frise Waterline Extension Project; The Mayor informed Council that the Town had received the bond counsel agreement from Jackson Kelly; the town has used this firm for projects for a while. The agreement states that the firm will do all work required for a price not to exceed twenty thousand dollars ($20,000). Lowther made the motion to accept the bond counsel agreement as presented, Kerns seconded the motion which carried by unanimous vote.

Building Permit:

#1320 Mike & Denise Toothman 400 Ohio Ave. 12X12 Porch 50ft from Right-O-Way.

#1321 Duane Jones 1124 Fox Ave. Carport 25' from WV & 67' from Fox Ave.

#1322 Jeff Flesher 708 Hollybrook Dr. 10X16 Storage Bldg. 68' from Right-O-Way.

#1323 Matt Underwood 1389 State St. Garage/Storage Building.

Jarrell moved to approve the building permits as presented, Hardman seconded the motion which carried by unanimous vote.

Business Licenses:

#3497 Russ Bowers, Mobile Catering, P.O. Box 175 Smithville "Country Catering".

#3498 Margaret Jones, DVD Rentals, 1107 E. Main St., "Redbox Automated Retail".

#3499 B. Scott Wolfe, Law Office, 817 E. Main St., "Law Office of B. Scott Wolfe".

Kerns moved to approve the business license as presented, Lowther seconded the motion which carried by unanimous vote.

Bills: Jarrell moved to approve payment of the invoices as presented, Lamm seconded the motion which carried by unanimous vote.

The Mayor wanted to add that he had attended the Municipal Judges Training in Charleston and had received a certificate allowing him to be judge for another year.

Councilmember Lowther wanted to thank everyone for the Veterans Day Parade, and hoped that it continued for years to come.

The Mayor called for further business, none was presented. Jarrell moved to adjourn, Lowther seconded the motion which carried by unanimous vote.

The meeting adjourned at 8:52 p.m.

Ronda K White

Recorder

Ada L. Daught

Mayor

11/27/12

Budget Revision Resolution – Coal Severance;

434 Housing Authority Decrease 2,000 to make total 0.00
440 City Hall Decrease 8,000 to make total 3,000
700 Police Department Decrease 5,000 to make total 1,000
900 Parks & Recreation Decrease 8,500 to make total 1,500
907 Youth Program Decrease 2,500 to make total 1,200
950 Beautification Program Decrease 3,000 to make total 1,000
757 Sidewalks increase 25,000 to make total 25,000.

Total for Coal Severance 32,700

With a motion made by Jarrell, seconded by Kerns and a yes from the other three Council members the budget revision was approved and sent to the State Auditor for approval.

Ronda K White
Recorder

Ada L. Daught
Mayor

RECEIVED
13 JUL 12 AM 9:16
W VA PUBLIC SERVICE COMMISSION
SECRETARY'S OFFICE

Tariff Form No. 12

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 July 09, 2013, a tariff containing increased rates, toll and charges for furnishing sewer service to 832 customers at Harrisville, in the County of Ritchie, West Virginia.

The proposed increased rates and charges will become effective upon completion of construction of the Wastewater Improvements Project unless otherwise ordered by the Public Service Commission and will produce approximately $72,405 annually in additional revenue, an increase of 19.9%. The average monthly bill for the various classes of customers will be changed as follows:

	($) INCREASE	INCREASE (%)
Residential - (Ave. 4 M Gals)	$ 6.78	19.9%
Commercial – (Ave. 7 M Gals)	$ 11.16	19.9%
Industrial – (Ave. 18 M Gals)	$ 27.22	19.9%

The Town of Harrisville's sewer system has no resale customers.

The increases shown are based on averages of all customers in the indicated class. Individual customers may receive increases that are greater or less than average. Furthermore, the requested rates and charges are only a proposal and are subject to change (increases or decreases) 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 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 utility to provide any information requested concerning it, is available to all customers, prospective customers, or their agents at the Harrisville Municipal Building, 1501 East Main Street, Harrisville, WV 26362.

A copy of the proposed rates is available for public inspection at the office of the Executive Secretary of the Public Service Commission at 201 Brooks Street, P. O. Box 812, Charleston, West Virginia, 25323.

TOWN OF HARRISVILLE

PROPOSED SEWER

RECEIVED
13 JUL 12 AM 9:16
W VA PUBLIC SERVICE
COMMISSION
SECRETARY'S OFFICE

SEWER IS: $5.67 customer charge per month plus

$8.81 for each 1000 gallons of water used

Flat rate for sewer customers $45.32 per month

Gallons Used	Current Bill	Increase Amount	Total Bill
1000	12.08	2.40	14.48
2000	19.43	3.86	23.29
3000	26.78	5.32	32.10
4000	34.13	6.78	40.91
5000	41.48	8.24	49.72
6000	48.83	9.70	58.53
7000	56.18	11.16	67.34
8000	63.53	12.62	76.15
9000	70.88	14.08	84.96
10000	78.23	15.54	93.77
11000	85.58	17.00	102.58
12000	92.93	18.46	111.39
13000	100.28	19.92	120.20
14000	107.63	21.38	129.01
15000	114.98	22.84	137.82
16000	122.33	24.30	146.63
17000	129.68	25.76	155.44
18000	137.03	27.22	164.25
19000	144.38	28.68	173.06
20000	151.73	30.14	181.87
21000	159.08	31.60	190.68
22000	166.43	33.06	199.49
23000	173.78	34.52	208.30

24000	181.13	35.98	217.11
25000	188.48	37.44	225.92
26000	195.83	38.90	234.73
27000	203.18	40.36	243.54
28000	210.5 3	41.82	252.35
29000	217.88	43.28	261.16
30000	225.23	44.74	269.97
35000	261.98	52.04	314.02
40000	298.73	59.34	358.07
45000	335.48	66.64	402.12
50000	372.23	73.94	446.17
60000	445.73	88.54	534.27
70000	519.23	103.14	622.37
80000	592.73	117.74	710.47
90000	666.23	132.34	798.57
100000	739.73	147.30	886.67
110000	813.23	161.54	974.77
120000	886.73	176.14	1062.87
130000	960.23	190.74	1150.97
140000	1033.73	205.34	1239.07
150000	1107.23	219.94	1327.17
160000	1180.73	234.54	1415.27
170000	1254.23	249.14	1503.37
180000	1327.73	263.74	1591.47
190000	1401.23	278.34	1679.57
200000	1474.73	292.94	1767.67

RECEIVED
13 JUL 12 AM 9:16
W VA PUBLIC SERVICE
COMMISSION
SECRETARY'S OFFICE

RECEIVED
13 JUL 12 AM 9:
W VA PUBLIC SERVICE COMMISSION
SECRETARY'S OFFICE

Division III. Rates.

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

WHEREAS, the Town of Harrisville, Ritchie County, West Virginia, at present operates a Municipal Sewer System in accordance with the 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 Town of Harrisville has determined that the rates presently being charged for sewer service from such municipal sewer system are not adequate to defray the total cost of operation thereof; and,

WHEREAS, the Council of the Town of Harrisville, being of the governing body thereof, determines that the schedule of charges set forth in this ordinance are just, reasonable, applied without discrimination of preference and based primarily upon the costs of providing such service; now, therefore,

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

ARTICLE I

Statutory Authority, Findings and Determinations

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

That the rates now in existence for the furnishing of sewer service are not sufficient to provide for the operation and maintenance of the secondary sewer treatment 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 based primarily upon the costs of providing services.

RECEIVED
13 JUL 12 AM 9:16
W VA PUBLIC SERVICE
COMMISSION
SECRETARY'S OFFICE

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 13, 2008, 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. Scheduled:

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 $5.67.

2. **Commodity Charge:** Each customer of the sewer system shall pay a charge of $8.81 for the first thousand gallons of water used and each and every thousand gallons used thereafter.

3. **Flat Rate:** Each customer of the sewer system which is not served by the water system of the Town of Harrisville shall pay a monthly fee of $45.32 (equivalent to 4,500 gallons usage), as a condition to being or remaining connected to the sewer system. If any flat rate bill is not paid within 30 days after the 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 Regulation for the Government of Sewer Utilities", published March 1, 1077, 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."

4. **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.

5. 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 $45.32. If any flat-rate sewer bill is not paid within thirty (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 devices shall be furnished, installed, and maintained by and at the expense of the customer with the approval of the utility.

6. **Disconnection/Reconnection Charges:** That there will be a fee of ten dollars ($10.00) shut-off/turn-on charge, payable in advance or at such time that service is restored. This is for disconnection/reconnection requested by the customer.

d. **Delayed Payment Penalty:** On all accounts not paid within twenty (20) days after the date of the bill, 10% will be added to the new amount unpaid. This delayed payment penalty is not interest and is to collected only once for each bill where it is appropriate. The customer will pay a $15.00 fee on any check returned for insufficient funds.

e. 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,

Statement F
Schedule 2
TOWN OF HARRISVILLE
Cash Flow Statement
Year Ended June 30, 2012

	Per Books (2)	Accounting Adjustments (3)	Per Books Adjusted (4)	Going Level Adjustments (5)	Going Level (6)	Proforma Adjustments (7)		Proforma (8)
Operating Revenue	$ 369,140	$ -	$ 369,140	$ -	$ 369,140	$ 72,405		$ 441,545
Other Income	652	-	652	-	652	-		652
	$ 369,792	$ -	$ 369,792	$ -	$ 369,792	$ 72,405		$ 442,197
Deductions:								
Operation & Maintenance Expenses	$ 196,011	$ -	$ 196,011	$ -	$ 196,011	$ (7,476)		$ 188,535
Taxes Other than								
Federal Income Taxes	9,110	-	9,110	-	9,110	-		9,110
DEP Administrative Fee	5,944	-	5,944	-	5,944	-		5,944
Income Taxes	-	-	-	-	-	-		-
Total Deductions	$ 211,065	$ -	$ 211,065	$ -	$ 211,065	$ (7,476)		$ 203,589
Available for Debt Service (A)	$ 158,727	$ -	$ 158,727	$ -	$ 158,727	$ 79,881		$ 238,608
Debt Service								
Existing	$ 99,310	$ -	$ 99,310	$ -	$ 99,310	$ -		$ 99,310
Proposed	-	-	-	-	-	92,364	(4)	92,364
Total Debt Service (B)	$ 99,310	$ -	$ 99,310	$ -	$ 99,310	$ 92,364		$ 191,674
Reserves								
Debt Service Reserves	$ 9,931	$ -	$ 9,931	$ -	$ 9,931	$ 9,236	(5)	$ 19,167
Renewal & Replacement	9,112	-	9,112	-	9,112	1,810	(6)	10,922
Total Reserves	$ 19,043	$ -	$ 19,043	$ -	$ 19,043	$ 11,047		$ 30,090
Total Debt Service & Reserves	$ 118,353	$ -	$ 118,353	$ -	$ 118,353	$ 103,411		$ 221,764
Balance (Deficit)	$ 40,374	$ -	$ 40,374	$ -	$ 40,374	$ (23,529)		$ 16,844
Cover Test (A) / (B)	159.83%	NA	159.83%	NA	159.83%	NA		124.49%

Council

June 11, 2013

7:30 P.M.

Public Hearing – Building Permit Application

The Mayor called the public meeting to order and stated the purpose of the hearing was to receive comments and/or objections to the building permit application of Larry and Mary Hardbarger for a mobile home at 604 Liberty Avenue. There were no objections or comments received in the office prior to the meeting. The Mayor called for further comments or objections about the setback from the right o way, hearing none, he declared the public hearing closed. Public meeting closed at 7:32 p.m.

The Council for the Town of Harrisville met in Regular Session Tuesday, June 11, 2013, at 7:33 p.m., in the Recorders Office. Attending were; Mayor Alan R. Haught, Recorder Ronda K. White, and Council Members: Barbara Lowther, Jeffrey Hardman, Richard Kerns, Joe Jarrell, and David Lamm, also Kenna Davis, Julia Hiley, Samme Gee, and Police Chief Mark Lamp.

The Mayor called the meeting to order and the minutes of the May 14, 2013 meeting were approved as presented.

Requests to be on the Agenda:

Mayor's Report:

Sanitary Board; met earlier tonight the operator reported that the plant and tests were good. There has been no major problems this month.

Hughes River Water Board; met last evening the operator reported the plant was running good and no major problems have occurred this month.

Wastewater System Improvements: All necessary legal documents have been completed. Only the DOH permit is needed at this point. Cerrone Associates will be submitting revised drawings to the DOH so that it can issue a permit. The Town will need to secure a Surety Bond prior to the DOH permit being issued. Once this is complete, USDA may authorize the Town to advertise the project to bid, hopefully by sometime in July. As a reminder the Town currently has an obligation to begin payment on its design loan in late August of this year. However, based on the dates listed above, the project will probably close in September at the earliest and possibly a bit later. The Town may therefore wish to speak with its bank ahead of time right now to obtain a small extension on its pay back.

Chevaux de Frise Water Extension; USDA has indicated that it will be issuing a letter of conditions in the next few weeks. Cerrone is generally on schedule with the design development, detailed construction drawings are in the process and specifications are nearly complete. After the project designs are complete, a Rule 42 will need to be prepared so that the Town can file this project with the PSC sometime this summer. The Town has indicated it would prefer Cerrone to acquire the easements for this project and they will begin this work once the legal counsel has easement documents completed.

Sidewalk Project; The Department of Highways set on the paperwork for a while and has now decided that the HIPO needs to have a look at the design now.

Eagle Scouts Project; Grant Lipscomb has approached the Mayor asking if he and his troop could paint the 105 fire hydrants in Town for his Eagle Scout Project. The troop will be preparing to start the painting of the hydrants in July.

Superintendants Report; was submitted written and included twenty-seven (27) items.

Police Report; was submitted written and included twenty-eight (28) calls for the month of May.

Old Business:

Christmas Lights Fund; The revenue for the fund is $5,260.00 while the expenditures are totaled at $6809.54.

Lighting at Park; The lights for the walking trail have been ordered and received the Town now needs to find someone to install them.

Shop Truck; The new shop truck arrived today a salesman from Matheny's came and looked at the used 99' shop truck and informed the Mayor that the trade in price would be $4,500.00. If Council wasn't interested in trade in then the truck would need to be auctioned off. The Mayor recommended Council take the trade in value from Matheny's.

Vote: Jarrell made the motion to accept the trade in offer from Matheny Motor Co. for the 1999 truck, Lamm seconded the motion which carried by a unanimous vote.

New Business:

Third Supplemental Resolution – Sewerage System Design Notes, Series 2009 A; Samme Gee informed Council that with the bidding process not closing before the date the loan comes do the engineers have recommended extending the maturity of the note. Samme Gee of Jackson Kelly recommended that the note be extended through January 25, 2014. The Third Resolution reads;

SUPPLEMENTAL RESOLUTION EXTENDING THE MATURITY DATE, AND OTHER TERMS OF THE SEWERAGE SYSTEM DESIGN NOTES, SERIES 2009 A (UNION BANK), OF THE TOWN OF HARRISVILLE; AND MAKING OTHER PROVISIONS AS TO THE NOTES.

Lamm made a motion to accept the resolution as read, Jarrell seconded the motion which carried by a unanimous vote.

First Reading of the Sewer Rate Increase Ordinance was presented by the Mayor he noted that the increase is necessary to cover operation and maintenance expenses. The rate increase will not go into effect until after completion of construction. Jarrell moved to read the ordinance by title, Lowther seconded the motion which carried by a unanimous vote. The Mayor read the ordinance by title.

Vote: Hardman made a motion to move the ordinance forward to the second reading, Jarrell seconded the motion, which carried by a unanimous vote.

Election Results;

The Elections tabulations were brought in by the Head Commissioner Jane Mullen. There were one hundred seventy-six (176) voters. The Recorder noted that the unofficial results were for Mayor: Alan R Haught one-hundred thirty seven (137) votes, Council Members: Todd Snider sixty-one (61) votes, Paul Beall one-hundred eight (108) votes, Joe Jarrell sixty-six (66) votes, and David Lamm eighty-five (85) votes. The canvass of the ballots will be held on June 17, 2013 at 7:00 p.m. after which the election will be certified.

Building Permit:

#1340 Rodney Masters 400 Hale St, New Deck, 73 ft from Hale St. & 95 ft from Park St.

#1341 Kathleen Goff 208 W North St, 8 X 10 Storage Shed, 201ft from Right of Way.

#1342 Charlie & Jackie Prim 424 N Penn Ave. Garage

#1343 Derrick Lamp 360 Ellenboro Avenue, New Construction (barn)

#1344 Duane Adams 277 Harris Avenue, Extending the Roof on the Deck

#1345 Larry Hardbarger 604 Liberty Ave. Mobile Home, 2 Porches, & Storage Bldg.

Kerns moved to approve the building permits as presented, Lamm seconded the motion which carried by unanimous vote.

Business Licenses:

#3556 Kathleen Etheredge, 1550 Hoover Hill Road, "Katie's Creations", Crafts

#3567 Rhonda Ireland 1523 Holbrook Rd, "Maci's Market", selling farm products

#3579 P.E. Mason 1501 E Main St. "Foggy Dale Farms LLC", Meat distributor

Lamm moved to approve the business licenses as presented, Lowther seconded the motion which carried by unanimous vote.

Bills: Jarrell moved to approve payment of the invoices as presented, Kerns seconded the motion which carried by unanimous vote.

The Mayor requested an Executive Session for Personnel, Lamm moved to retire to Executive Session, Hardman seconded the motion which carried by unanimous vote.

Council retired to Executive Session at 9:25 p.m.

Council returned to Regular Session at 9:30 p.m.

Wage increase; Kerns made a motion to increase the employees wage by three percent (3%), Jarrell seconded the motion which carried by unanimous vote.

The Mayor called for further business, none was presented. Jarrell moved to adjourn, Lamm seconded the motion which carried by unanimous vote.

The meeting adjourned at 9:35 p.m.

Ronda K White

Recorder

A. L. Haught

Mayor

Council

July 09, 2013

7:30 P.M.

Oaths of Office – New Council Members

The Recorder swore in the two new Council Members that were voted in by the public at the June 11, 2013 Municipal Officials Election.

Public Meeting – Sewer Rate Increase

The Mayor called the Public Meeting to order and stated the purpose of the meeting was to hear any comments and/or objections to the proposed sewer rate increase. No comments or objections were presented. The Mayor called for further comments, hearing none, he declared the public meeting closed. The public meeting opened at 7:32 p.m. and closed at 7:33 p.m.

Public Hearing – Building Permit Application

The Mayor called the public meeting to order and stated the purpose of the hearing was to receive comments and/or objections to the building permit application of Duane Adams for a Garage at 277 Harris Avenue. There were no objections or comments received in the office prior to the meeting. The Mayor called for further comments or objections about the setback from the right o way, hearing none, he declared the public hearing closed. Public meeting closed at 7:34 p.m.

The Council for the Town of Harrisville met in Regular Session Tuesday, July 09, 2013, at 7:34 p.m., in the Meeting Room. Attending were; Mayor Alan R. Haught, Recorder Ronda K. White, and Council Members: Barbara Lowther, Jeffrey Hardman, Richard Kerns, Paul Beall, and David Lamm, also Kenna Davis, Julia Hiley, Kate Williams, Roger Garrett, Courtney Windom, Patrick Lacey, Lonnie Richards, Daran Starr, Steven Worden, Dustin Huffman, Jim Turner, Todd Echard, and Police Chief Mark Lamp.

The Mayor called the meeting to order and the minutes of the June 11, 2013 meeting were approved as presented.

Requests to be on the Agenda:

Roger Garrett; Thanked the Council and Mayor for allowing him to come and speak. He wanted to say that he has traveled around working in little towns like Harrisville and he believes people should be proud of their town. He listed all of the businesses in Harrisville and he gave the Mayor and Council credit for what they do to help Harrisville and for the hard decisions that they have to make to better the Town and help it to grow. He made it known that choices are difficult and no one likes to make them but the Council and Mayor are trying to better the town with this 1% tax and he knows that it was a very tough decision for the Council to make. He also said that five to ten years from now people will probably be saying that was the best choice that could be made at the time. He reiterated that Harrisville is growing and the people need to be proud of that. He also told Council that they had an awesome staff and should be proud of the workers they have because they do an awesome job.

Steve Worden; He was at the meeting about the 1% tax and wanted to ask Council again to repeal the aforementioned tax. He believes the Town is working well on the budget they have now and doesn't need a new tax to keep the town running in the black. He reiterated that he was at the meeting to represent his customer's emotions about the tax and to ask Council to again make the motion to repeal the sales tax and show the customers that they are aware of and support the citizens of Harrisville.

Mayor's Report:

Council Assignments for 2013; Treasurer-Barb Lowther, Streets & Beautification-Paul Beall, Maintenance-Chip Lamm, Water-Richard Kerns, and Park-Jeff Hardman.

Sanitary Board; met earlier tonight the operator reported that the plant and tests were good. There have been no major problems this month, but the additional rain is playing havoc with the sewer plant.

Hughes River Water Board; met yesterday the operator reported the plant was running good and no major problems have occurred this month. Mayor Allen of Pennsboro came to see how the meetings and things were held. The water in the lake is more turbid then usual and in exchange more chemicals to treat the water have been purchased.

Wastewater System Improvements; This project is ready to be advertised to bid, upon receipt of the WVDOH permit and PSC approval. USDA may not authorize the project bidding until a WVDOH Permit is in hand. We understand that the WVDOH will be providing a letter that all requirements have been met and a permit will be issued upon receipt of the necessary bond. As requested by PSC staff the Town has requested that the scheduling deadlines for processing the application for a Certificate of Necessity be tolled or delayed for an additional thirty days. That request has been submitted, and it is now anticipated that the PSC approval will be received prior to October 23, 2013.

Chevaux de Frise Water Extension; USDA has indicated that the application for funding has been submitted to their national office for review and that will delay the issuance of the Letter of Conditions. Detailed construction drawings and specifications are generally complete, and Cerrone should be submitting the applications for the necessary permits within the next week or so. Assuming that the funding commitment from USDA is received in late August or early September, the Rule 42 will probably need to be prepared based on the June 30, 2013 numbers. The easement schedule and drawings will be sent to your legal counsel within the next week and then he may begin preparing easements documents. Cerrone will begin securing the necessary rights-of-way once the easement documents are available.

Sidewalk Project; The paperwork is still in the hands of the DOH and they still haven't approved it due to them being backed up with projects.

WVRWA; The Mayor is planning on attending the Conference at Snowshoe on Sept. 9, 2013 and he needs a motion to approve him as the voting delegate for Harrisville at the board meeting. Hardman moved to approve the Mayor as the voting delegate for Harrisville, Lowther seconded the motion, which carried by unanimous vote.

Superintendants Report; was submitted written and included twenty-four (24) items.

Police Report; was submitted written and included eighteen (18) calls for the month of June. The Mayor asked how the police cruiser was holding up, and the chief responded that he had it in the garage and they haven't found anything yet, but when you go around a right hand turn it sounds like something is falling out of the car. The Mayor asked about grants for cruisers, but there are no grants to be found for police vehicles. The Mayor asked the Chief to contact some dealers and get some quotes for Chevy, Dodge, and Ford.

Old Business:

Lighting at Park; The lights for the walking trail have been ordered and received the Town now needs to find someone to install them.

Property Cleanup Ordinances; This topic was brought up at last month's Council meeting. Nothing new has been found on the problem yet but the Chief is working on finding a solution. Council Member Kerns explained that there are few residences that are making some areas of Harrisville unsightly and he would like for the Town attorney to see about coming up with an ordinance of some kind that can be enforced.

New Business:

Second Reading and Adoption of the Sewer Rate Increase Ordinance was presented by the Mayor he noted that the increase is necessary to cover operation and maintenance expenses. The rate increase will not go into effect until after completion of construction. Lamm moved to read the ordinance by title, Kerns seconded the motion which carried by a unanimous vote. The Mayor read the ordinance by title.

Vote: Kerns made a motion to approve the ordinance as presented, Lowther seconded the motion, which carried by a unanimous vote.

Building Permit:

#1346 Candice Ross 112 Westfall Lane Mobile Home & Porch.

#1347 Jeffrey Hardman 611 E South St, Porch.

#1348 Frank Hall 408 Classic Lane Front Deck Expansion and Storage Building.

#1350 Duane Adams 277 Harris Ave. Garage 11 Feet from Alley.

Lamm moved to approve the building permits as presented, Kerns seconded the motion which carried by unanimous vote.

Business Licenses:

#3598 Johnnie Strickland, 6060 Glendale Road, "Strickland Farms", Fresh Vegetables

#3601 Jennifer Richards 621 W High St, "Farmers Market", selling crafts

#3605 Donna Spellman 17 Pat James Rd. "Dragon S Farm", small farm

#3607 Kylie Redmond, 10309 Glendale Road, "Farmers Market", crafts

Kerns moved to approve the business licenses as presented, Lamm seconded the motion which carried by unanimous vote.

Bills: Lowther moved to approve payment of the invoices as presented, Lamm seconded the motion which carried by unanimous vote.

Retirement for Employees; discussion was held about a 401 K Plan for the Town employees. A couple different scenarios were discussed but Council decided that maybe to advertise for Administrators of retirement plans may be a good option. There was a consensus that the Mayor should get in contact with the Municipal League to see what options are out there and see what they thought was good plans.

The Mayor called for further business, none was presented. Lamm moved to adjourn, Kerns seconded the motion which carried by unanimous vote.

The meeting adjourned at 8:14 p.m.

Ronda K White

Recorder

Ann R. Haight

Mayor

AFFIDAVIT OF PUBLICATION

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

I, Denise Q. Dudley, being first duly sworn upon my oath, say that I am a member of Ritchie Gazette Publishing 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 continuously 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 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 the current happenings, announcements, miscellaneous reading materials, advertisements, and other notices; that the annexed notice of:

NOTICE (SEWER)
(CIR 2)

was duly published two weeks beginning with the **26TH DAY OF JUNE, 2013,** issue, and ending with the **3RD DAY OF JULY, 2013,** issue, and that the cost of publishing said annexed notice was **$524.06.**

/s/ Denise Q. Dudley
Publisher, Ritchie Gazette & The Cairo Standard

Subscribed and sworn to before me this [illegible] day of [illegible], 2013.

[illegible]
Notary Public of Ritchie County, West Virginia

My commission expires [illegible]

NOTICE

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

WHEREAS

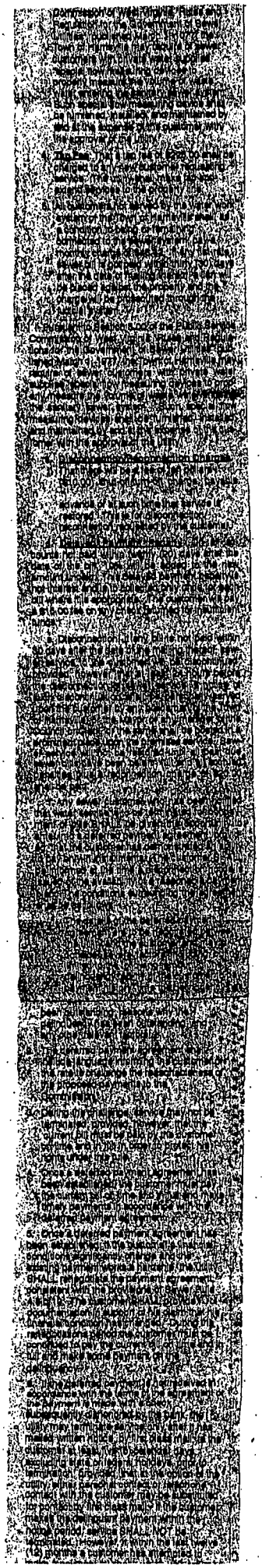
WHEREAS

WHEREAS

BE IT ORDAINED

ARTICLE I

ARTICLE II



$102,000
THE TOWN OF HARRISVILLE
SEWER REVENUE BOND, SERIES 2013 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

$2,072,000
THE TOWN OF HARRISVILLE
SEWER REVENUE BOND, SERIES 2013 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

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 construction and operation of approximately 586 LF of 10 inch gravity sewer, 20,900 LF of 8 inch gravity sewer, 10,500 LF of 4 inch and 6 inch service lines, 145 new manholes, 207.5 vertical feet of 48 inch riser pipe, 268 LF of highway open cut with steel casing, 780 LF of highway borings, 38 tie-ins to existing sewer lines and manholes, replace 27 manholes, rebuild 19 manhole inverts, seal 44 manholes, install 44 new manhole castings, raise 16 manholes, perform 83 existing gravity main and service line point repairs, 2,580 LF of cleaning and videoing gravity sewer, surface restoration, videotaping of surface features, and other appurtenances required to build a complete sewer system and complete rehabilitation of an existing gravity sewage collection system in Ritchie County (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 in two or more series 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 $2,174,000, 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 my signature on this 8th day of October, 2013.

SANITARY BOARD OF THE TOWN OF HARRISVILLE

Chairman

IRA M. HAUGHT
ATTORNEY AT LAW
210 E. MAIN STREET
HARRISVILLE, WEST VIRGINIA 26362

TEL: (304) 643-4186 FAX: (304) 643-2137

December 10, 2013

Town of Harrisville
Harrisville, West Virginia

United States Department of Agriculture
Rural Utilities Service
Parkersburg, West Virginia

Jackson Kelly, PLLC
Charleston, West Virginia

Re: Town of Harrisville Sanitary Board

Ladies and Gentlemen:

I am writing as counsel to the Town of Harrisville in regard to the membership makeup of the Town of Harrisville Sanitary Board. Chapter 16, Article 13, Section 18, of the W.Va. Code sets forth that during the construction period one of the members of the Sanitary Board must be a registered professional engineer.

The Statute goes on to say that after the construction of the plant has been completed, the engineer member may be succeeded by a person not an engineer.

Due to the fact that the sewer plant for the Town of Harrisville has been completed, it is my opinion that the requirement for a registered professional engineer to be a member of the Sanitary Board is no longer necessary under the statute.

Sincerely,

Ira M. Haught, Esquire

IMH/pam

TOWN OF HARRISVILLE

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWER FACILITIES OF THE TOWN OF HARRISVILLE AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN $102,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2013 A (UNITED STATES DEPARTMENT OF AGRICULTURE); AND FOR THE ISSUANCE OF NOT MORE THAN $2,072,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2013 B (UNITED STATES DEPARTMENT OF AGRICULTURE); 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; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE TOWN OF HARRISVILLE:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

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

Section 1.02. Definitions. The following terms shall have the following meanings herein unless the context expressly requires otherwise:

"Act" means Chapter 16, Article 13 of the Code of West Virginia, 1931, as amended and in effect on the date of adoption hereof.

"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 Issuer, which shall so serve by the Recorder of the Issuer.

"Bonds" means the Series 2013 A Bonds, the Series 2013 B Bonds (together the "Series 2013 Bonds"), the Prior Bonds and any bonds Parity Bonds hereafter issued within the terms, restrictions, and conditions contained in this Ordinance.

"Closing Date" means the date upon which there is an exchange of the Series 2013 Bonds for all or a portion of the proceeds of the Series 2013 Bonds.

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

"Consulting Engineers" means 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 retained 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.

"Costs" or "Costs of the Project" means those costs described in Section 1.03E hereof to be a part of the cost of acquisition and construction of the Project.

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

"Depreciation Account" means the Depreciation Account established by the Prior Ordinances and continued thereby.

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

"Government" means the United States of America, United States Department of Agriculture, Rural Utilities Service, which is expected to be the original purchaser of the Series 2013 Bonds.

"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.

"Grants" means all moneys received by the Issuer on account of any Grant for the Project.

"Gross Revenues" means the aggregate gross operating and non-operating revenues of the System, as hereinafter defined, determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provision for uncollectible accounts; provided, that "Gross Revenues" does not include any gains from the sale or other disposition of, or from any increase in the value of, capital assets (including Qualified Investments, as hereinafter defined, purchased pursuant to Article 8.01 hereof) or any Tap Fees, as hereinafter defined.

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

"Issuer" means the Town of Harrisville, a municipal corporation and political subdivision of the State in Ritchie County, West Virginia, and, when appropriate, also means the Governing Body thereof and any department, board, organization or institution thereof in control of the management and operation of the System, as hereinafter defined.

"Letter of Conditions" means, collectively, the Letter of Conditions of the Government dated August 29, 2012 and October 29, 2012, respectively, and all amendments thereto.

"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 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 (other than those capitalized as part of the Costs), fees and expenses, fees and expenses of the Authority, fiscal agents, the Depository Bank, the Registrar and the Paying Agent (all as herein defined), other than those capitalized as part of the costs, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Bonds, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

"Outstanding," when used with reference to Bonds and as of any particular date, describes all Bonds theretofore and thereupon being authenticated and delivered, except (i) any Bond canceled by the Bond Registrar at or prior to said date; (ii) any Bond 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 Section 10.01 hereof; and (iv) for purposes of consents or other action by a specified percentage of Registered Owners, any Bonds registered to the Issuer.

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

"Prior Bonds" means the Issuer's Sewer Revenue Bonds, Series 1990 (United States Department of Agriculture) dated April 17, 1990, issued in the original principal amount of $618,000, the Sewer Revenue Bonds, Series 2001 A (West Virginia SRF Program), dated April 11, 2001, issued in the original principal amount of $638,000, and Sewer Revenue Bonds, Series 2008 A (United States Department of Agriculture), dated November 20, 2008, issued in the original principal amount of $450,000.

"Prior Ordinances" means, collectively, the ordinances enacted by the Issuer, authorizing the Prior Bonds.

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

"PSC" means the Public Service Commission of West Virginia and any successor to the functions thereof.

"PSC Order" means, collectively, the final order or orders of the PSC, granting the Issuer a certificate of convenience and necessity to construct the Project and approving the financing for the Project.

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

(a) Government Obligations;

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

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

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

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

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

(g) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (e) above, with banks or national banking associations which are members of FDIC or with government bond dealers recognized as

primary dealers by the Federal Reserve Bank of New York, provided, that said investments securing said repurchase agreements either must mature as nearly as practicable coincident with the maturity of said repurchase agreements or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said repurchase agreements, and provided further that the holder of such repurchase agreement shall have a prior perfected security interest in the collateral therefor; must have (or its agent must have) possession of such collateral; and such collateral must be free of all claims by third parties;

(h) The West Virginia "consolidated fund" managed by the Board of Treasury Investments pursuant to Chapter 12, Article 6C of the Code of West Virginia, 1931, as amended;

(i) Obligations of states or political subdivisions or agencies thereof, the interest on which is excluded from gross income for federal income tax purposes, and which are rated at least "A" by Moody's Investors Service, Inc. or Standard & Poor's Corporation; and

(j) Advanced-Refunded Municipal Bonds.

"Recorder" means the Recorder of the Issuer.

"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.

"Registrar" or "Bond Registrar" means the Issuer, which shall so serve by the Recorder.

"Renewal and Replacement Fund" means the Renewal and Replacement Fund established by the Prior Ordinances and continued thereby.

"Reserve Accounts" means, collectively, the respective reserve accounts created for the Series 2013 Bonds and the Prior Bonds.

"Reserve Requirement" means, collectively, the respective reserve requirements for the Series 2013 Bonds and the Prior Bonds.

"Revenue Fund" means the Revenue Fund created by the Prior Ordinances and continued thereby.

"Series 2013 A Bonds" means the Sewer Revenue Bonds, Series 2013 A (United States Department of Agriculture), of the Issuer, authorized by this Ordinance.

"Series 2013 A Bonds Construction Trust Fund" means the Series 2013 A Bonds Construction Trust Fund created by Section 5.01 hereof.

"Series 2013 A Bonds Reserve Account" means the Series 2013 A Bonds Reserve Account created by Section 5.02 hereof.

"Series 2013 A Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2013 A Bonds in the then current or any succeeding year.

"Series 2013 A Bonds Sinking Fund" means the Series 2013 A Bonds Sinking Fund created by Section 5.03(A)(2) hereof.

"Series 2013 Bonds" means the Series 2013 A Bonds and the Series 2013 B Bonds.

"Series 2013 B Bonds" means the Sewer Revenue Bonds, Series 2013 B (United States Department of Agriculture), of the Issuer, authorized by this Ordinance.

"Series 2013 B Bonds Construction Trust Fund" means the Series 2013 B Bonds Construction Trust Fund created by Section 5.01 hereof.

"Series 2013 B Bonds Reserve Account" means the Series 2013 B Bonds Reserve Account created by Section 5.02 hereof.

"Series 2013 B Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest, if any, which will become due on the Series 2013 B Bonds in the then current or any succeeding year.

"Series 2013 B Bonds Sinking Fund" means the Series 2013 B Bonds Sinking Fund created by Section 5.03(A)(2) hereof.

"Sinking Funds" means, collectively, the respective sinking fund created for the Series 2013 A Bonds and Series 2013 B Bonds.

"State" means the State of West Virginia.

"Supplemental Resolution" means any ordinance or order of the Issuer supplementing or amending this Ordinance and, when preceded by the article "the,"

refers specifically to the Supplemental Resolution or ordinances authorizing the sale of the Series 2013 Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 2013 Bonds, and not so included, may be included in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by this Ordinance to be set aside and held for the payment of or security for the Series 2013 Bonds and the Prior Bonds, including the Sinking Funds, the Reserve Accounts, the Depreciation Account and the Renewal and Replacement Fund.

"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 and 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.

Additional terms and phrases are defined in this Ordinance as they are used. Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing the masculine, feminine or neutral gender shall include any other gender. Requirement for execution or attestation of the Bonds or any certificate or other document by the Mayor or the Recorder shall mean that such Bonds, certificate or other document may be executed or attested by an Acting Mayor or Acting Recorder.

Accounting terms not specifically defined shall be given meaning in accordance with generally accepted accounting principles.

Section 1.03. Findings. It is hereby found, determined and declared that:

A. The Issuer is a municipal corporation and political subdivision of the State of West Virginia in Ritchie County of said State. The Issuer presently owns and operates a public sewerage system. However, the Issuer deems it necessary and desirable for the health, welfare and safety of the inhabitants of the Issuer that there be acquired and constructed the Project, in accordance with the plans and specifications prepared by the Consulting Engineer, which plans and specifications have heretofore been approved by the Government and the Issuer.

B. In accordance with Section 2 of the Act, the System is under the supervision and control of the Sanitary Board of the Issuer (the "Sanitary Board").

C. The Sanitary Board has presented a petition to the Issuer for the design, acquisition and construction of the Project, the enactment of this Ordinance and the issuance of the Series 2013 Bonds.

D. The Issuer intends to permanently finance a portion of the costs of acquisition and construction of the Project through the issuance of its revenue bonds to the Government.

E. The estimated maximum cost of acquisition and construction of the Project is $3,517,000, of which $2,174,000 will be obtained from the Series 2013 Bonds and $1,343,000 will be obtained from a grant from the Government.

F. 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 Operating Expenses of the System, the principal of and interest on the Prior Bonds and the Series 2013 Bonds and to make payments into all funds and accounts provided for in this Ordinance and the Prior Ordinances.

G. It is deemed necessary for the Issuer to issue the Series 2013 A Bonds in the aggregate principal amount of not more than $102,000 and the Series 2013 B Bonds in the aggregate principle amount of not more than $2,072,000 to permanently finance a portion of the costs of acquisition and construction of the Project. Such costs shall be deemed to include the cost of acquisition or construction of any public service properties and any improvements and extensions thereto, the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest on the Series 2013 Bonds prior to and during acquisition or construction and for six months after completion of acquisition or construction of the Project; 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 and such other expenses as may be necessary or incident to the financing herein authorized, the acquisition or construction of the Project and the placing of the same in operation, and the performance of the things herein required or permitted, in connection with any thereof; provided that, reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2013 Bonds or the repayment of the indebtedness incurred by the Issuer for such purposes shall be deemed part of the Cost of the Project.

H. The Series 2013 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 met the parity and coverage requirements of the Prior Bonds and the Prior Ordinances and has substantially complied with all other parity

requirements, except to the extent that noncompliance with any such other parity requirements is not of a material nature. Prior to the issuance of the Series 2013 Bonds, the Issuer will obtain (1) the certificate of an Independent Certified Public Accountant stating that the parity and coverage tests of the Prior Bonds have been met; and (2) the written consent of the Registered Owners of the Prior Bonds to the issuance of the Series 2013 Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

I. The period of usefulness of the System after completion of the Project is not less than 40 years.

J. It is in the best interests of the Issuer that the Series 2013 Bonds be sold to the Government pursuant to the terms and provisions of the Letter of Conditions.

K. The Issuer has complied with all requirements of West Virginia law and the Letter of Conditions relating to authorization of the acquisition, construction and operation of the Project and issuance of the Series 2013 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 United States Department of Agriculture and the obtaining of the PSC Order, the time for rehearing and appeal of which has expired or will have been waived prior to the issuance of the Series 2013 Bonds.

Section 1.04. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2013 Bonds by those who shall be the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Registered Owners, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Registered Owners of any and all of such Series 2013 Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond of a series and any other Bonds of the same series, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of $3,517,000 in accordance with the plans and specifications which have been prepared by the Consulting Engineers, approved by the Government and the Issuer and heretofore filed in the office of the Governing Body. The proceeds of the Series 2013 Bonds 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 Government.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS

Section 3.01. Authorization of Bonds. For the purposes of paying a portion of the costs of the Project and paying the costs of issuance of the Series 2013 Bonds and related costs, there shall be and hereby are authorized to be issued negotiable Series 2013 Bonds of the Issuer. The Series 2013 A Bonds shall be issued in two series designated respectively as "Sewer Revenue Bonds, Series 2013 A (United States Department of Agriculture)," in the aggregate principle amount of not more than $102,000 and the "Sewer Revenue Bonds, Series 2013 B (United States Department of Agriculture)," in the aggregate principal amount of not more than $2,072,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution.

Section 3.02. Terms of Bonds. The Series 2013 Bonds shall be issued in such principal amounts; shall bear interest at such rate or rates, not exceeding the legal maximum rate, payable monthly 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 the Supplemental Resolution or as specifically provided in the Series 2013 Bonds.

Section 3.03. Execution of Bonds. The Series 2013 Bonds shall be executed in the name of the Issuer by the manual or facsimile signature of the Mayor, and the seal of the Issuer shall be impressed thereon and attested by the manual or facsimile signature of the Recorder. In case any one or more of the officers who shall have signed or sealed the Series 2013 Bonds shall cease to be such officer of the Issuer before the Series 2013 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 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. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2013 Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 2013 Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further

be conclusively deemed to have agreed that such Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 2013 Bonds remain outstanding, the Issuer, through the Bond Registrar as its agent, shall keep and maintain books for the registration and transfer of the Bonds.

The registered Series 2013 Bonds shall be transferable only upon the books of the Bond Registrar, by the Registered Owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto, together with a written instrument of transfer satisfactory to the Bond Registrar, duly executed by the Registered Owner or his duly authorized attorney.

In all cases in which the privilege of exchanging Series 2013 Bonds or transferring the registered Series 2013 Bonds is exercised, all such Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All such Bonds surrendered in any such exchanges or transfers shall forthwith be canceled by the Bond Registrar. For every such exchange or transfer of such Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on such Bonds or, in the case of any proposed redemption of such Bonds, next preceding the date of the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.05. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2013 Bonds shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.06. Bonds not to be Indebtedness of the Issuer. The Series 2013 Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided on a parity with the Prior Bonds. No Holder or Holders of such Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay such Bonds or the interest, if any, thereon.

Section 3.07. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service of the Series 2013 Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System on a parity with the lien of the Prior Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest, if any, on and other payments for the Series 2013 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 3.08. Form of Bonds. The text of the Series 2013 Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF SERIES 2013 A BOND)

TOWN OF HARRISVILLE
SEWER REVENUE BONDS, SERIES 2013 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

No. AR-1 $_____

FOR VALUE RECEIVED, on this ____ day of _____ 20__, THE TOWN OF HARRISVILLE, a municipal corporation and political subdivision of the State of West Virginia in Ritchie County of said State (the "Issuer"), promises to pay to the order of the UNITED STATES OF AMERICA (the "Government"), at its National Finance Office, 1520 Market Street, St. Louis, Missouri 63103, or at 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 is set forth on the Record of Advances attached hereto and incorporated herein by reference, plus interest on the unpaid principal balance at the rate of 2.75% per annum.

The principal of and interest on this Bond shall be paid in the following installments on the following dates: Monthly installments of interest only on the amounts advanced hereunder, commencing 30 days following the date of delivery of this Bond and continuing on the corresponding day of each month thereafter for the first 24 months after the date hereof, and thereafter, on the corresponding day of each month in installments of principal and interest in the aggregate amount of $_____, except that the final installment shall be paid at the end of 40 years from the date of this Bond in the sum of the unpaid principal and interest due on the date thereof and except that prepayments may be made as provided below. This consideration shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to the Issuer as requested by the Issuer and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the Record of Advances attached hereto as a part hereof.

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 to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of the Issuer. Extra payments, as defined in the regulations of the Government, shall, after payment of interest, be applied to the installment last to come due under this Bond and shall not affect the obligation of the Issuer 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 therefor, or otherwise under the terms of 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 the Issuer to the Government without demand. The Issuer agrees to use the loan evidenced hereby solely for purposes authorized by the Government. The Issuer has granted to the Government a lien on the proceeds of this Bond until such proceeds are expended for authorized purposes.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public sewer facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of this Bond and related costs. The existing public sewer facilities of the Issuer, the Project and any further improvements and extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 of the Code of West Virginia, 1931, as amended (the "Act"), a Bond Ordinance duly adopted by the Issuer on _____ ___, 2013, and a Supplemental Resolution duly adopted by the Issuer on _____ ___, 2013 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Resolution 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 Resolution.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT WITH THE ISSUER'S SEWER REVENUE BONDS, SERIES 1990 (UNITED STATES DEPARTMENT OF AGRICULTURE) DATED APRIL 17, 1990, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF $618,000, THE SEWER REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA SRF PROGRAM), DATED APRIL 11, 2001, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF $638,000, SEWER REVENUE BONDS, SERIES 2008 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED NOVEMBER 20, 2008, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF $450,000 (THE "PRIOR BONDS") AND THE SEWER REVENUE BONDS, SERIES 2013 B (UNITED STATES DEPARTMENT OF

AGRICULTURE), IN THE AMOUNT OF $2,072,000 ISSUED SIMULTANEOUSLY HEREWITH (THE "SERIES 2013 B 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 registered owners of the Prior Bonds and the Series 2013 B Bonds, and from moneys in the Series 2013 A Reserve Account created under the Bond Legislation for this Bond 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 shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Net Revenues, the moneys in the Series 2013 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 or 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 required in any year for payment of principal 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 Series 2013 Bonds; provided however, that so long as there exists in the Series 2013 A Bonds Reserve Account and in the reserve accounts for the Prior Bonds and the Series 2013 B Bonds, an amount equal to the maximum amount of principal and interest which will become due on this Bond in any year, and in the respective reserve accounts for any other obligations outstanding on a parity with this Bond, including the Prior Bonds and the Series 2013 B Bonds, an amount equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the Registered Owner of this Bond for the terms of which reference is made to the Bond Legislation. Remedies provided the Registered Owner 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 in the Bond Legislation, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the Recorder of the Issuer, as registrar (the "Registrar"), which shall be kept for that purpose at the office of the Registrar, by the Registered 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 Registered Owner or its attorney or legal representative duly authorized in writing.

Subject to the registration requirements in the Bond Legislation, 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 acquisition and construction of the Project and the costs of issuance hereof as 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.

The Issuer 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 the Issuer 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, the Issuer will at the Government's request apply for and accept such loan in sufficient amount to repay the Government.

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.

This Bond is given as evidence of a loan to the Issuer made or insured by the Government pursuant to the Rural Development Act of 1972. This Bond shall be subject to the present regulations of the Government and its future regulations not inconsistent with the express provisions hereof.

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 as of the date first written above.

_____
Mayor

[SEAL]

ATTEST:

_____
Recorder

(Form of)

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 $_____

(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 thereof with full power of substitution in the premises.

Dated: _____, ;_____.

_____

In the presence of:

_____

(FORM OF SERIES 2013 B BOND)

TOWN OF HARRISVILLE
SEWER REVENUE BONDS, SERIES 2013 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

No. BR-1 $_____

FOR VALUE RECEIVED, on this ____ day of _____ 20__, THE TOWN OF HARRISVILLE, a municipal corporation and political subdivision of the State of West Virginia in Ritchie County of said State (the "Issuer"), promises to pay to the order of the UNITED STATES OF AMERICA (the "Government"), at its National Finance Office, 1520 Market Street, St. Louis, Missouri 63103, or at 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 is set forth on the Record of Advances attached hereto and incorporated herein by reference, plus interest on the unpaid principal balance at the rate of 2.75% per annum.

The principal of and interest on this Bond shall be paid in the following installments on the following dates: Monthly installments of interest only on the amounts advanced hereunder, commencing 30 days following the date of delivery of this Bond and continuing on the corresponding day of each month thereafter for the first 24 months after the date hereof, and thereafter, on the corresponding day of each month in installments of principal and interest in the aggregate amount of $_____, except that the final installment shall be paid at the end of 40 years from the date of this Bond in the sum of the unpaid principal and interest due on the date thereof and except that prepayments may be made as provided below. This consideration shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to the Issuer as requested by the Issuer and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the Record of Advances attached hereto as a part hereof.

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 to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of the Issuer. Extra payments, as defined in the regulations of the Government, shall, after payment of interest, be applied to the installment last to come due under this Bond and shall not affect the obligation of the Issuer 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 therefor, or otherwise under the terms of 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 the Issuer to the Government without demand. The Issuer agrees to use the loan evidenced hereby solely for purposes authorized by the Government. The Issuer has granted to the Government a lien on the proceeds of this Bond until such proceeds are expended for authorized purposes.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public sewer facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of this Bond and related costs. The existing public sewer facilities of the Issuer, the Project and any further improvements and extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 of the Code of West Virginia, 1931, as amended (the "Act"), a Bond Ordinance duly adopted by the Issuer on _____ ___, 2013, and a Supplemental Resolution duly adopted by the Issuer on _____ ___, 2013 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Resolution 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 Resolution.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT WITH THE ISSUER'S SEWER REVENUE BONDS, SERIES 1990 (UNITED STATES DEPARTMENT OF AGRICULTURE) DATED APRIL 17, 1990, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF $618,000, THE SEWER REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA SRF PROGRAM), DATED APRIL 11, 2001, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF $638,000, SEWER REVENUE BONDS, SERIES 2008 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED NOVEMBER 20, 2008, ISSUED IN THE ORIGINAL

PRINCIPAL AMOUNT OF $450,000 (THE "PRIOR BONDS") AND THE SEWER REVENUE BONDS, SERIES 2013 A (UNITED STATES DEPARTMENT OF AGRICULTURE), IN THE AMOUNT OF $102,000 ISSUED SIMULTANEOUSLY HEREWITH (THE "SERIES 2013 A 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 registered owners of the Prior Bonds and the Series 2013 A Bonds, and from moneys in the Series 2013 B Reserve Account created under the Bond Legislation for this Bond 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 shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Net Revenues, the moneys in the Series 2013 B 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 or 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 required in any year for payment of principal 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 Series 2013 Bonds; provided however, that so long as there exists in the Series 2013 B Bonds Reserve Account and in the reserve accounts for the Prior Bonds and the Series 2013 A Bonds, an amount equal to the maximum amount of principal and interest which will become due on this Bond in any year, and in the respective reserve accounts for any other obligations outstanding on a parity with this Bond, including the Prior Bonds and the Series 2013 A Bonds, an amount equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the Registered Owner of this Bond for the terms of which reference is made to the Bond Legislation. Remedies provided the Registered Owner 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 in the Bond Legislation, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the Recorder of the Issuer, as registrar (the "Registrar"), which shall be kept for that purpose at the office of the Registrar, by the Registered 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 Registered Owner or its attorney or legal representative duly authorized in writing.

Subject to the registration requirements in the Bond Legislation, 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 acquisition and construction of the Project and the costs of issuance hereof as 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.

The Issuer 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 the Issuer 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, the Issuer will at the Government's request apply for and accept such loan in sufficient amount to repay the Government.

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.

This Bond is given as evidence of a loan to the Issuer made or insured by the Government pursuant to the Rural Development Act of 1972. This Bond shall be subject to the present regulations of the Government and its future regulations not inconsistent with the express provisions hereof.

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 as of the date first written above.

_____
Mayor

[SEAL]

ATTEST:

_____
Recorder

(Form of)

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 $_____

(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 thereof with full power of substitution in the premises.

Dated: _____, ;_____.

_____

In the presence of:

_____

Section 3.09. Sale of Bonds. The Series 2013 Bonds shall be sold to the Government, pursuant to the terms and conditions of the Letter of Conditions. The Letter of Conditions is hereby approved and the provisions of the Letter of Conditions are specifically incorporated into this Bond Legislation.

ARTICLE IV

[RESERVED]

ARTICLE V

SYSTEM REVENUES AND APPLICATION THEREOF

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

(1) Revenue Fund (established by the Prior Ordinances);

(2) Depreciation Account (established by the Prior Ordinances); and

(3) Series 2013 Bonds Construction Trust Fund.

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

(1) Series 2013 A Bonds Reserve Account; and

(2) Series 2013 B 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 by the Issuer in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Bond Legislation and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner herein provided. Funds in the Revenue Fund shall be disposed of only in the following manner and order of priorities and as provided in the Prior Ordinances:

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

(2) The Issuer shall next, on the first day of each month, from the moneys in the Revenue Fund, (i) make the interest payments on the Prior Bonds in the amounts and on the dates required by the Prior Ordinances; (ii) commencing on the day which is 30 days following the date of delivery of the Series 2013 A Bonds and continuing on the corresponding day of each month, remit to the National Finance Office for deposit in Series 2013 A Bonds Sinking Fund hereby established at the National Finance Office for deposit in the Series 2013 A Bonds Sinking Fund hereby established at

the National Finance Office, the amount of interest set forth in the Series 2013 A Bonds; and (iii) commencing on the day which is 30 days following the date of delivery of the Series 2013 A Bonds and continuing on the corresponding day of each month, remit to the National Finance Office for deposit in Series 2013 A Bonds Sinking Fund hereby established at the National Finance Office for deposit in the Series 2013 B Sinking Funds hereby established at the National Finance Office for deposit in the Series 2013 B Bonds Sinking Fund hereby established at the National Finance Office, the amount of interest set forth in the Series 2013 B Bonds.

(3) The Issuer shall next, each month, from the moneys in the Revenue Fund (i) make the principal payments of the Prior Bonds in the amounts and on the dates required by the Prior Ordinances; (ii) commencing on the day which is 24 months following the date of delivery of the Series 2013 A Bonds and continuing on the corresponding day of each month, remit to the National Finance Office deposit in the Series 2013 A Bonds Sinking Fund, the amount of principal set forth in the Series 2013 A Bonds; and (iii) commencing on the day which is 24 months following the date of delivery of the Series 2013 B Bonds and continuing on the corresponding day of each month, remit to the National Finance Office deposit in the Series 2013 B Bonds Sinking Fund, the amount of principal set forth in the Series 2013 B Bonds.

The deposits into the Series 2013 A Bonds Sinking Fund and the Series 2013 B Bonds Sinking Fund provided in this paragraph and in Section 5.03A (2) above, constitute actual payments of principal of and interest on the Series 2013 A Bonds and the Series 2013 B Bonds to the Government.

(4) The Issuer shall next, each month, from the moneys in the Revenue Fund, (i) make the reserve account payments into the Reserve Accounts of the Prior Bonds in the amounts and on the dates required by the Prior Ordinances; and (ii) commencing on the day which is 24 months following the date of delivery of the Series 2013 A Bonds and continuing on the corresponding day of each month, remit to the Commission for deposit in the Series 2013 A Bonds Reserve Account, an amount equal to $1/120^{th}$ of the Series 2013 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2013 A Bonds Reserve Requirement; and (i) make the reserve account payments into the Reserve Accounts of the Prior Bonds in the amounts and on the dates required by the Prior Ordinances; and (ii) commencing on the day which is 24 months following the date of delivery of the Series 2013 B Bonds and continuing on the corresponding day of each month, remit to the Commission for deposit in the Series 2013 B Bonds Reserve Account, an amount equal to $1/120^{th}$ of the Series 2013 B Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2013 B Bonds Reserve Requirement.

(5) The Issuer shall next, each month, from the moneys in the Revenue Fund, make the payments into the Depreciation Account in the amounts and on the dates required by the Prior Ordinances.

(6) The Issuer shall next, each month, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Renewal and Replacement Fund, an amount equal to 2 ½% of the Gross Revenues each month (as previously set forth in the Prior Ordinances and not in addition thereto), exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, improvements or extensions to the System; provided that, any deficiencies in any Reserve Account, except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof, shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

(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, improvements, or extensions to the System which the Consulting Engineers certify are needed and/or (c) payment of principal and interest on subordinate sewer revenue bonds, or other obligations which may hereafter be issued by the Issuer on account of the System.

Moneys in the Series 2013 Sinking Funds shall be used only for the purposes of paying principal of and interest, if any, on the Series 2013 Bonds, respectively, as the same shall become due. Moneys in the Reserve Accounts shall be used only for the purposes of paying principal of and interest, if any, on the Series 2013 Bonds, respectively, as the same shall come due, when other moneys in the respective Sinking Funds are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 2013 A Bonds Reserve Accounts (if fully funded) in an amount equal to the and the Series 2013 B Bond Reserve Requirement shall be transferred, not less than once each year, to the Series 2013 Bonds Construction Trust Fund during construction of the Project and thereafter, to the Revenue Fund and applied in full, first to the next ensuing interest payment, if any, due on the Series 2013 Bonds, respectively, and then to the next ensuing principal payment due thereon, all on a pro rata basis.

Any withdrawals from the Series 2013 Reserve Accounts which result in a reduction in the balance therein to below the respective Reserve Requirements shall be subsequently restored from the first Net Revenues available after all required payments have been made in full in the order set forth above.

As and when additional Bonds ranking on a parity with the Series 2013 Bonds are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay any interest on such 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.

Interest, principal or reserve account payments, whether made for deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 2013 Bonds, in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2013 A Bonds Reserve Account and Series 2013 B 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 Government, the Issuer shall make the necessary arrangements whereby required payments into such accounts shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Moneys in the Series 2013 A Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2013 A Bonds Sinking Fund, the Series 2013 B Bonds Sinking Fund, the Series 2013 A Bonds Reserve Account, and the Series 2013 B Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2013 A Bonds and the Series 2013 B Bonds, respectively, under the conditions and restrictions set forth herein.

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

C. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar, the Paying Agent, or the Depository Bank, on such dates as the respective parties shall require, such additional sums as shall be necessary to pay their respective charges and the fees then due. If required by the Government, 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.

D. 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.

E. If, on any monthly payment date, the revenues are insufficient to place the required amount in any of the funds and accounts as herein above provided, the deficiency shall be made up in the subsequent payments in addition to the payments which would otherwise be required to be made into the funds and accounts on the subsequent payment dates; provided, that all deposits, including on account of deficiencies, shall be made in the order of priority set forth in Section 5.03A hereof, and no payment of lower priority shall be made if there exists a deficiency in a fund or account of higher priority.

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

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

ARTICLE VI

APPLICATION OF BOND PROCEEDS

Section 6.01. Application of Bond Proceeds. All monies received from time to time from the sale of the 2013 A Bonds and the Series 2013 B Bonds shall be deposited in the Series 2013 Construction Trust Fund and shall be used solely to pay the costs of the Project and until so expended, are hereby pledged as additional security for the Series 2013 Bonds.

Section 6.02. Disbursements from Bond Construction Trust Fund. The Series 2013 Bonds Construction Trust Fund shall be kept separate and apart from all other funds of the Issuer, and shall be drawn out, used and applied by the Issuer solely for the payment of the costs of the Project and purposes incidental thereto, including payment of any borrowings by the Issuer made for the purpose of temporarily financing a portion of the costs of the Project and payment of interest on the Series 2013 Bonds prior to and during construction and for a period up to six months after completion of construction and for no other purposes whatsoever. If approved by the Government, the moneys in said fund shall be secured at all times by Government Obligations having a fair market value at least equal to the balance in said fund in excess of the amount insured by the FDIC. If for any reason the amounts on deposit in the Series 2013 Bonds Construction Trust Fund are not necessary for, or are not applied to, such purposes, then such unapplied amounts shall be deposited by the Issuer 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 Registered Owners of the Series 2013 Bonds.

Expenditures or disbursements from the Series 2013 Bonds Construction Trust Fund shall be made only after such expenditures or disbursements have been approved in writing by the Governing Body, the Consulting Engineers and the Government.

The Issuer shall coordinate with the Government on the monthly payment of the costs of the Project and shall submit invoices and requisitions as directed by the Government.

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 Registered Owners of the Series 2013 Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Registered Owners of the Series 2013 Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2013 Bonds or the interest, if any, thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2013 Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Registered Owner of the Series 2013 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2013 Bonds or the interest, if any, thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service of the Series 2013 Bonds shall be secured by a first lien on the Net Revenues on a parity with the lien on the Net Revenues in favor of the Registered Owners of the Prior Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest, if any, on the Prior Bonds and the Series 2013 Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation and the Prior Ordinances are hereby irrevocably pledged, in the manner provided herein and therein, to such payments as the same become due, and for the other purposes provided in this Bond Legislation and the Prior Ordinances.

Section 7.04. Initial Schedule of Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by state law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal. Such rates and charges shall be sufficient to comply with the requirements of this Ordinance and the Prior Ordinances. 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 enacted on July 9, 2013.

So long as the Series 2013 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 this Bond Legislation. In the event the schedule of rates, fees and charges initially established for the System in connection with the Series 2013 Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation, 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 Ordinance.

Section 7.05. Sale of the System. So long as the Prior Bonds are Outstanding, the System may not be sold, transferred, mortgaged, leased or otherwise disposed of, except in accordance with the terms of the Prior Ordinances. So long as the Series 2013 Bonds are Outstanding and except as otherwise required by law or with the written consent of the Government, the System may not be sold, transferred, 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 Section 10.01 hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2013 Bonds, immediately be remitted to the Government for payment of principal of and interest on the Series 2013 Bonds. Any balance, remaining after the payment of principal of and interest on the Series 2013 Bonds, shall be remitted to the Issuer 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, in writing, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so

advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding. The proceeds derived from any such sale, lease or other disposition of such property shall be deposited in the Renewal and Replacement Fund. The payment of such proceeds into the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions of this Ordinance.

No sale, lease or other disposition of the properties of the System shall be made by the 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 or redeem prior to maturity all Bonds then Outstanding without the prior approval and consent in writing of the Registered Owners of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Registered Owners of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. So long as the Series 2013 Bonds are Outstanding, 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 2013 Bonds; provided, however, that Parity Bonds may be issued as provided for in Section 7.07 hereof and in the Prior Ordinances (so long as the Prior Bonds are Outstanding). All obligations hereafter issued by the Issuer payable from the revenues of the System, except such Parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on, pledge and source of and security for payment from such revenues and in all other respects, to the Series 2013 Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein and in the Prior Ordinances 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 liens of the Series 2013Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2013 Bonds and the interest thereon in this Bond Legislation, or upon the System or any part thereof.

Section 7.07. Parity Bonds. So long as the Prior Bonds are Outstanding, no Parity Bonds shall be issued except in accordance with the terms of the Prior Ordinances. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued

after the issuance of any Bonds pursuant to this Bond Legislation, except under the conditions and in the manner provided herein and with the prior written consent of the Government.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Prior Bonds and the Series 2013 Bonds.

No such Parity Bonds shall be issued except for the purpose of financing the costs of the design, acquisition or construction of extensions or improvements to the System or refunding any Bonds Outstanding, or both such purposes.

So long as the Series 2013 Bonds are Outstanding, no Parity Bonds shall be issued at any time, unless 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 for the Fiscal Year following the year in which such Parity Bonds are to be issued shall be at least 120% of the average annual debt service requirements 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 foregoing limitation may be waived or modified by the written consent of the Registered Owners of the Series 2013 Bonds, representing 75% of the then-outstanding principal indebtedness. In the event the foregoing limitation is waived, the following parity requirement shall be met:

No Parity Bonds shall be issued at any time, unless 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, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the three succeeding years after the completion of the improvements to be financed by such Parity Bonds, if any, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest, if any, on the following:

(1) The Bonds then Outstanding;

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

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

The "estimated average increased annual Net Revenues to be received in each of the three succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from the improvements to be financed by such Parity Bonds and any increase in rates adopted by the Issuer and approved by the PSC, the period for appeal of which has expired prior to the date of issuance of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Independent Certified Public Accountants, which shall be filed in the office of the Recorder prior to the issuance of such Parity Bonds.

The Net Revenues actually derived from the System during the 12-consecutive-month period 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, on account of increased rates, rentals, fees and charges for the System adopted by the Issuer and approved by the PSC, the period for appeal of which has expired prior to issuance of such Parity Bonds.

All covenants and other provisions of this Bond Legislation (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Registered Owners of the Series 2013 Bonds and the Registered Owners of any Parity Bonds issued from time to time within the limitations of and in compliance with this section. Bonds issued on a parity, regardless of the time or times of their issuance, shall rank equally with respect to their respective liens on the revenues of the System and their respective source of and security for payment from said revenues, without preference of any Bond of one series over any other Bond of another series on a parity therewith. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Bond Legislation required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior liens of the Outstanding Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the

conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 2013 Bonds.

No Parity Bonds shall be issued any time, however, unless all the payments into the 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 such Parity Bonds, and the Issuer shall 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 Government and its 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 Issuer shall submit to the Government such documents and information as it 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 State and federal grants or other sources of financing for the Project.

The Issuer shall permit the Government and its agents and representatives to inspect all records 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.

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 Registered Owner of the Series 2013 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 in accordance with the rules and regulations of the PSC and the Act. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner and on the forms, books and other bookkeeping records as prescribed by the Governing Body.

The Issuer shall provide the Government each year or any Registered Owner of the Series 2013 Bonds requesting the same, with 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 or other obligations outstanding.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants (and to the extent legally required in compliance with the applicable OMB Circular, or any successor thereto, and the Single Audit Act, or any successor thereto) and shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Registered Owner of the Series 2013 Bonds and shall submit said report to the Government. Such audit report submitted to the Government shall include a statement that the Issuer is in compliance with the terms and provisions of the Act and this Ordinance and that the Gross Revenues are adequate to meet the Operating Expenses and debt service and reserve requirements.

Subject to the terms, conditions and provisions of the Letter of Conditions 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 Government and its 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 Government and its 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 Government with respect to the System pursuant to the Act.

Section 7.09. Rates. Prior to issuance of the Series 2013 Bonds, approvals of equitable rates or charges for the use of and service rendered by the System shall have been obtained 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 reductions 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 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 2013 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2013 Bonds, including the Prior Bonds; provided that, in the event that amounts equal to or in excess of the Reserve Requirements are on deposit respectively in the Series 2013 Bonds Reserve Account and the Reserve Accounts for obligations on a parity with the Series 2013 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 2013 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2013 Bonds. In any event, the Issuer shall not reduce the rates or charges for services described in Section 7.04.

Section 7.10. Operating Budget. The Issuer shall annually, at least 30 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 Government within 30 days of the adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by a professional engineer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made, except upon the further certificate of a professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing

increased expenditures for operation and maintenance to the Government and to any Registered Owner of the Series 2013 Bonds who shall file his address with the Issuer within 30 days of adoption thereof and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Government and any Registered Owner of the Series 2013 Bonds or anyone acting for and on behalf of such Registered Owner.

Section 7.11. Engineering Services and Operating Personnel. The Issuer will obtain the certificate of the Consulting Engineers, certifying that the Project has been or will be constructed in accordance with the approved plans, specifications and designs as submitted to the Government, the Project will be adequate for the purposes for which it was designed, the funding plan as submitted to the Government is sufficient to pay the costs of the acquisition and construction of the Project, and all permits required by federal and state laws for construction of the Project have been obtained. The Issuer shall provide and maintain competent and adequate engineering services satisfactory to the Government, covering the supervision and inspection of the development and construction of the Project. The Issuer shall employ qualified operating personnel properly certified by the State to operate the System so long as the Series 2013 Bonds are Outstanding.

Section 7.12. No Competing Franchise. To the extent allowable by law, the Issuer will not grant or cause, consent to or allow the granting of, any franchise or permit to any person, firm, corporation or body, 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 PSC and other laws of the State.

Whenever any fees, rates, rentals or other charges for the services or facilities of the System shall remain unpaid for a period of 20 days after the same shall become due and payable, the user of the services and facilities shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the PSC, fees, 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 of the PSC, discontinue and shut off the services of the System to all delinquent users of the services of the System, and will not restore such services of the 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.

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 the Issuer shall avail itself or themselves of the facilities or services provided by the System or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer and any such department, agency, instrumentality, officer or employee. Such charges shall be paid as they accrue, and the Issuer shall transfer from its general funds sufficient sums to pay such charges for service to any of its departments or properties. The revenues so received shall be deemed to be revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 7.15. Insurance and Construction Bonds. The Issuer hereby covenants and agrees that, so long as the Series 2013 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:

(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, and immediately upon any portion of the System now in use, on all above-ground insurable portions of the System, including machinery and equipment housed therein, in an amount equal to the full insurable value thereof. In the event of any damage to or destruction of any portion of the System, the Issuer will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the Issuer during construction of the Project in the full insurable value thereof.

(B) Public Liability Insurance, with limits of not less than $1,000,000 for personal liability to protect the Issuer from claims for bodily injury and/or death and not less than $500,000 from claims for damage to property of others which may arise from the operation of the System.

(C) Vehicular Public Liability Insurance, in the event the Issuer owns or operates any vehicle in the operation of the System, or in the event that any vehicle not

owned by the Issuer is operated for the benefit of the Issuer, with limits of not less than $1,000,000 for personal liability to protect the Issuer from claims for bodily injury and/or death and not less than $500,000 from claims for damage to property of others which may arise from such operation of vehicles.

(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 Issuer, and such payment bonds will be filed with the Clerk of The County Commission of the County in which such work is to be performed prior to commencement of construction of the Project in compliance with Chapter 38, Article 2, Section 39 of the Code of West Virginia, 1931, as amended.

(E) Fidelity Bonds will be provided as to every member, officer and employee of the Issuer having custody of the Revenue Fund or of any other funds or 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, and initially in the amount required by the Government 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 Issuer if available; however, if the System is located in a community which has been notified as having special flood or mudslide prone areas, flood insurance must be obtained.

(G) Construction Bonds. 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. The Issuer shall verify such insurance prior to commencement of construction.

Section 7.16. Connections. To the extent permitted by the laws of the State and rules and regulations of the PSC, the Issuer shall require every owner, tenant or occupant of any house, dwelling or building intended to be served by the System to connect thereto.

Section 7.17. Completion and Operation 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 PSC and other state agencies necessary for the acquisition and construction of the Project and the operation of the System and all approvals for the issuance of the Series 2013 Bonds required by state law, with all requisite appeal periods having expired without successful appeal.

Section 7.18. Statutory Mortgage Lien. For the further protection of the Registered Owners of the Series 2013A Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, and shall take effect immediately upon delivery of the Series 2013 Bonds; provided however, that the statutory mortgage lien in favor of the Registered Owners of the Series 2013 Bonds shall be on a parity with the statutory mortgage lien in favor of the Registered Owners of the Prior Bonds.

Section 7.19. Compliance with Letter of Conditions and Law. The Issuer shall perform, satisfy and comply with all the terms and conditions of the Letter of Conditions, this Bond Legislation and the Act. The Issuer shall also comply with all applicable laws, rules and regulations issued by the Government 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 7.20. Contracts. The Issuer shall, simultaneously with the delivery of the Series 2013 Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

ARTICLE VIII

INVESTMENT OF FUNDS

Section 8.01. Investment of Funds. 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 or the Depository Bank, 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.

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 owner, including the value of accrued interest and giving effect to the amortization of discount or at par if such investment is held in the AConsolidated 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 bond department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2013 Bonds are Outstanding.

Notwithstanding the foregoing, any investments made pursuant to this Bond Legislation shall comply with the guidelines of the Government.

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Section 8.01. Investment of Funds. 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 or the Depository Bank, 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.

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 owner, including the value of accrued interest and giving effect to the amortization of discount or at par if such investment is held in the AConsolidated 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 bond department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2013 Bonds are Outstanding.

Notwithstanding the foregoing, any investments made pursuant to this Bond Legislation shall comply with the guidelines of the Government.

ARTICLE IX

DEFAULTS AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2013 Bonds:

(A) If default occurs in the due and punctual payment of the principal of or interest on any Series 2013 Bonds; or

(B) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 2013 Bonds set forth in this Bond Legislation, any Supplemental Resolution or the Series 2013 Bonds and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Government, the Depository Bank, the Bond Registrar, any Paying Agent or a Registered Owner of a Bond; or

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

(D) If a default occurs under the Prior Ordinances or the Prior Bonds.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of the Series 2013 Bonds may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and this 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 Series 2013 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 Series 2013 Bonds, and (v) by action at law or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Series 2013 Bonds, or the rights of such Registered Owners; provided however, that all rights and remedies of the Registered Owners of the Series 2013 Bonds shall be on a parity with those of the Registered Owners of the Prior Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of the Series 2013 Bonds may, by proper legal action, compel the performance of the duties of the Issuer under this Bond Legislation and the Act, including, the completion of the

Project, 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 the Bonds, the 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 or to complete the acquisition and construction of the Project, or both, 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 any interest thereon and the deposits into the funds and accounts herein provided 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 agents and attorneys, enter into and upon and take possession of all facilities of the System and shall hold, operate and maintain, manage and control the System, 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 the System 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 any 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 Event of Default, any Registered Owner of Bonds issued pursuant to this Bond Legislation 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 herein above conferred upon him, 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 Bonds issued pursuant to this Bond Legislation. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or

character belonging or pertaining to the System, but the authority of such receiver shall be limited to the possession, operation and maintenance of the System, for the sole purpose of the protection of both the Issuer and Registered Owners, and the curing and making good of any default under the provisions of this Bond Legislation, and the title to and ownership of the System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, mortgage, or otherwise dispose of any assets of the System.

ARTICLE X

PAYMENT OF BONDS

Section 10.01. Payment of Bonds. If the Issuer shall pay, or there shall otherwise be paid, to the Registered Owners of the Series 2013 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 this Bond Legislation and 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 2013 Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Except through direct payment of the entire outstanding principal of and all accrued interest on the Series 2013 Bonds to the Registered Owners thereof, the Issuer may not defease the Series 2013 Bonds or provide for payment thereof by escrow or other similar arrangements.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Modification or Amendment. Prior to the issuance of the Series 2013 Bonds, this Bond Legislation may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2013 Bonds, no material modification or amendment of this Bond Legislation, or of any ordinance or resolution amendatory or supplemental hereto that would materially and adversely affect the rights of Registered Owners of the Series 2013 Bonds shall be made without the consent in writing of the Registered Owners of the Series 2013 Bonds 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 2013 Bonds required for consent to the above-permitted amendments or modifications.

Section 11.02. Resolution Constitutes Contract. The provisions of this Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Series 2013 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 Bond Legislation shall be held invalid, such invalidity shall not affect any of the remaining provisions of this Bond Legislation, the Supplemental Resolution and the Series 2013 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; Prior Ordinances. Except for the Prior Ordinances, all orders or resolutions and parts thereof in conflict with the provisions of this Bond Legislation are, to the extent of such conflict, hereby repealed; provided that, in the event of any conflict between the Bond Legislation and the Prior Ordinances, the Prior Ordinances shall control (unless less restrictive), so long as the Prior Bonds are outstanding.

Section 11.06. Covenant of Due Procedure. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Bond Legislation 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, Recorder and members of the Governing Body were at all times when any actions in connection with this Ordinance occurred, and are, duly in office and duly qualified for such office.

Section 11.07. Statutory Notice of Public Hearing. Upon adoption hereof, the abstract of this Bond Legislation in the form set forth in Exhibit B attached hereto and incorporated herein by reference, shall be published once a week for 2 successive weeks, with at least 6 full days intervening between each publication, in The Ritchie Gazette, one qualified newspaper of general circulation in the Issuer, together with a notice stating that this Bond Legislation has been adopted and that the Issuer contemplates the issuance of the Series 2013 Bonds, and that any person interested may appear before the Issuer upon a certain date, not less than 10 days subsequent to the date of the first publication of such abstract of this Bond Legislation and notice, and present protests, and that a certified copy of this Bond Legislation is on file with the Issuer for review by interested persons during office hours of the Issuer. The Governing Body hereby determines that the Abstract contains sufficient information as to give notice of the contents hereof. At such hearing, all objections and suggestions shall be heard and the Issuer shall take such action as it shall deem proper in the premises.

Section 11.08. Effective Date. This Bond Legislation shall take effect immediately following the public hearing and final reading hereof.

First Reading:	October 8, 2013
Second Reading:	October 15, 2013
Public Hearing and Third Reading:	November 12, 2013

Mayor

CERTIFICATION

Certified a true copy of a Bond Ordinance duly adopted by the Council of the Town of Harrisville on the 12th day of November, 2013.

Dated this 12th day of November, 2013.

[SEAL]

Recorder

EXHIBIT A

PROJECT DESCRIPTION

The Project consists of construction and operation of approximately 586 LF of 10 inch gravity sewer, 20,900 LF of 8 inch gravity sewer, 10,500 LF of 4 inch and 6 inch service lines, 145 new manholes, 207.5 vertical feet of 48 inch riser pipe, 268 LF of highway open cut with steel casing, 780 LF of highway borings, 38 tie-ins to existing sewer lines and manholes, replace 27 manholes, rebuild 19 manhole inverts, seal 44 manholes, install 44 new manhole castings, raise 16 manholes, perform 83 existing gravity main and service line point repairs, 2,580 LF of cleaning and videoing gravity sewer, surface restoration, videotaping of surface features, and other appurtenances required to build a complete sewer system and complete rehabilitation of an existing gravity sewage collection system in Ritchie County, West Virginia, together with all related appurtenances.

EXHIBIT B

THE TOWN OF HARRISVILLE

NOTICE OF PUBLIC HEARING AND ABSTRACT OF BOND ORDINANCE

Notice is hereby given to any person interested that on October 15, 2013, 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 thereof, not otherwise provided, through the issuance of not more than $2,174,000 in aggregate principal amount of Sewer Revenue Bonds, Series 2013 A and Series 2013 B (United States Department of Agriculture) (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 monthly on such dates, mature on such dates and in such amounts and redeemable, in whole or in part, as prescribed in a supplemental resolution.

3. Directed the continuation of a revenue fund and the disposition of the revenues of the System; provided for the payment of operating expenses of the System and debt service on the Bonds; directed the creation of a sinking fund and a reserve account for the Bonds; directed the creation of a bond construction trust fund and the disbursement of Bond proceeds.

4. Provided that the Bonds shall not be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues of the System; pledged the Net Revenues of the System to payment of the Bonds and established the rights of the registered owners of the Bonds to the Net Revenues of the System; provided certain conditions for the issuance of additional bonds.

5. Provided for insurance coverage on the Project and the System, enforcement of collection of rates and other charges for the System, and other covenants of the Issuer in favor of the registered owners of the Bonds.

6. Established the events of default and the remedies of the registered owners of the Bonds; 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 November 12, 2013, 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.

_____

Recorder

$102,000.00
TOWN OF HARRISVILLE
SEWER REVENUE BONDS, SERIES 2013 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

$2,072,000.00
TOWN OF HARRISVILLE
SEWER REVENUE BONDS, SERIES 2013 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

BOND ORDINANCE

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TOWN OF HARRISVILLE
SEWER REVENUE BONDS, SERIES 2013 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)
SEWER REVENUE BONDS, SERIES 2013 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

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 2013 A (UNITED STATES DEPARTMENT OF AGRICULTURE) AND SEWER REVENUE BONDS, SERIES 2013 B (UNITED STATES DEPARTMENT OF AGRICULTURE); DESIGNATING A 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 October 15, 2013, effective November 12, 2013 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWER FACILITIES OF THE TOWN OF HARRISVILLE AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN $102,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2013 A (UNITED STATES DEPARTMENT OF AGRICULTURE); AND FOR THE ISSUANCE OF NOT MORE THAN $2,072,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2013 B (UNITED STATES DEPARTMENT OF AGRICULTURE); 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; 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 2013 A (United States Department of Agriculture), of the Issuer, in an aggregate principal amount not to exceed $102,000 and the Sewer Revenue Bonds, Series 2013 B (United States Department of Agriculture) of the Issuer, in an aggregate principal amount not to exceed $2,072,000 (collectively, the "Bonds"), all in accordance with Chapter 16, Article 13 of the Code of West Virginia, 1931, as amended (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 Bonds are proposed to be purchased by the Government pursuant to the Letter of Conditions; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, 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, one qualified newspaper 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 November 12, 2013, 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 following bonds of the Issuer:

(A) Sewer Revenue Bonds, Series 2013 A (United States Department of Agriculture), in the original principal amount of $102,000 (the "2013 A Bonds"). The 2013 A Bonds shall be issued in the form of one Bond, shall be dated the date of delivery, shall mature 40 years from the date thereof, shall be numbered AR-1, and the principal amount advanced under the 2013 A Bonds shall bear interest at the rate of 2.75% per annum. Monthly installments of interest only on the amounts advanced under the 2013 A Bonds are payable 30 days following the date of delivery of the 2013 A Bonds and on the corresponding day of each month thereafter for the first 24 months after the date of delivery of the 2013 A Bonds, and thereafter, monthly installments of principal of and interest on the 2013 A Bonds, in the aggregate amount of $362.00, are payable on the corresponding day of each month, except that the final installment on the 2013 A Bonds shall be paid at the end of 40 years from the date of the 2013 A Bonds in the sum of the unpaid principal and interest due on the date thereof. The 2013 A Bonds are subject to prepayment as set forth in the Bond Ordinance and the 2013 A Bonds. All principal and interest payments on the 2013 A Bonds will be paid by the Issuer directly to the order of the United States of America at its National Finance Office, 1520 Market Street, St. Louis, Missouri 63103.

(B) Sewer Revenue Bonds, Series 2013 B (United States Department of Agriculture), in the original principal amount of $2,072,000 (the "2013 B Bonds", and together with the 2013 A Bonds, the "Bonds"). The 2013 B Bonds shall be issued in the form of one Bond, shall be dated the date of delivery, shall mature 40 years from the date thereof, shall be numbered BR-1, and the principal amount advanced under the 2013 B Bonds shall bear interest at the rate of 2.5% per annum. Monthly installments of interest only on the amounts advanced under the 2013 B Bonds are payable 30 days following the date of delivery of the 2013 B Bonds and on the corresponding day of each month thereafter for the first 24 months after the date of delivery of the 2013 B Bonds, and thereafter, monthly installments of principal of and interest on the 2013 B Bonds, in the aggregate amount of $7,045.00, are payable on the corresponding day of each month, except that the final installment on the 2013 B Bonds shall be paid at the end of 40 years from the date of the 2013 B Bonds in the sum of the unpaid principal and interest due on the date thereof. The 2013 B Bonds are subject to prepayment as set forth in the Bond Ordinance and the 2013 B Bonds. All principal and interest payments on the 2013 B Bonds will be paid by the Issuer directly to the order of the United States of America at its National Finance Office, 1520 Market Street, St. Louis, Missouri 63103.

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 approves and accepts the offer of the Government to purchase the Bonds. The execution and delivery of the Bonds by the Mayor and the Recorder and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed and approved. 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 West Union Bank, Harrisville, West Virginia, or Union Bank, Harrisville, West Virginia, to serve as Depository Bank under the Bond Ordinance.

Section 6. The proceeds of the Bonds, as advanced from time to time, shall be deposited in or credited to the Series 2013 Bonds Construction Trust Fund, as received by the Issuer for payment of costs of the Project, including costs of issuance of the Bonds.

Section 7. 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 Government pursuant to the Letter of Conditions on or about December 13, 2013.

Section 8. The acquisition and construction of the Project and the financing thereof 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 9. 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 2013 Bonds Reserve Accounts shall be invested by the Commission in the West Virginia Consolidated Fund.

Section 10. The Issuer hereby approves and accepts all contracts relating to the financing, acquisition and construction of the Project.

Section 11. The Issuer hereby approves the costs of issuance and authorizes the payment of the same.

Section 12. This Supplemental Resolution shall be effective immediately following adoption hereof.

[The remainder of this page intentionally left blank; signature page follows.]

Adopted this 10th day of December, 2013.

Mayor

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Council of the TOWN OF HARRISVILLE on the 10th day of December, 2013.

Dated this 10th day of December, 2013.

[SEAL]

Recorder

Council

October 08, 2013

7:30 P.M.

The Council for the Town of Harrisville met in Regular Session Tuesday, October 08, 2013, at 7:30 p.m., in the Meeting Room. Attending were; Mayor Alan R. Haught, Recorder Ronda K. White, and Council Members: Barbara Lowther, Jeffrey Hardman, Richard Kerns, Paul Beall, and David Lamm, also Kenna Davis, Julia Hiley, Debbie Frederick, Mark Imbragno, Jim Morris, Peggy Morris, Tim Meeks, Anne Swadley, Steve Swadley, Janet Klemencic, Dave Klemencic, Anthony Farr, Roger Daughtery, Judith Wilson, Carol Gardner, Janis Mahaney, Ren Duvall, Debbie Bever, John Bever, Ira Haught, and Police Chief Mark Lamp.

The Mayor called the meeting to order and the minutes of the September 03, 2013 meeting were approved as presented.

Requests to be on the Agenda:

Mark Imbragno – Jackson Kelly

1st Reading of Bond Ordinance for the Wastewater Improvements Project;

Mark began by reading the ordinance by title. He then explained the ordinance would need to be read three times with a public hearing after the second reading. The public hearing will have to be published in the paper for two (2) consecutive weeks before the third reading of the ordinance.

Resolution – Post Issuance Tax Compliance;

Mark then explained that he needed a motion from council to approve and adopt the post issuance tax compliance procedures for the tax-exempt bonds.

Vote: Lowther made the motion to accept the first reading of the bond ordinance by title and to adopt the post issuance tax compliance resolution, Hardman seconded the motion which carried by a unanimous vote.

Tim Meeks – MOVRC

Administrative Agreement – Chevaux de Frise Waterline Project

Tim presented a Resolution for the Agreement for Administrative Services for the Chevaux de Frise Road Water Extension Project whereas the total compensation for the services will be herein set at $33,714.29. Discussion held, Lamm moved to approve the resolution as presented and to authorize the Mayor to sign the necessary documents, Kerns seconded the motion which carried by unanimous vote.

Dave and Janet Klemencic - Ordinance pertaining to Campers in Town;

Dave explained to Council that he was brought to the meeting out of frustration because he has more questions than answers pertaining to the future installation of a campsite. He was wondering what the Town Council took into consideration when approving a building permit. He also wondered what Council could do to keep a campsite from going in on School Street. Janet Klemencic was just upset because she declared that she had traveled here for three years looking for a nice lot to build a house and now that she has found it she is afraid that a campsite placed across the road from her house will depreciate her property and the property around it. Discussion held but no action was taken.

Judy Wilson - Camp Ground School Street;

Judy was at the meeting to let Council know that she had followed all the rules and has done everything legally to put a campground on her property. She has already applied for the sanitary permit from the health department and paid for the water and sewer tap but she isn't really sure what she is going to do with her property. She gave some examples of what she could do and stated whatever she did with her property she would make sure she was within the legal limits of the law.

The Mayor after hearing both sides of the disagreement turned the situation over to the Town attorney Ira Haught to explain the Ordinance that pertains to campers within the city limits. The attorney gave the definition of a trailer court and of a travel trailer and explained that campers may be used for residential purposes within the corporate limits for temporary occupancy, provided such occupancy does not exceed forty-five (45) days in any six month period of any one year. Some discussion held and again no action was taken on the issue.

Mayor's Report:

Sanitary Board; Met this evening, the plant and tests were good, some repairs were made to a pump in the plant and the five year permit has been acquired from the Department of Environmental Protection.

Hughes River Water Board; Will be meeting next week.

Wastewater System Improvements; Last month USDA gave the Town authorization to bid this project and accordingly, a bid opening date of October 24 has been scheduled. At this early stage after the initial advertisement, there are currently eight (8) contractors holding plans, and we expect this number to increase in the next two weeks. The engineers are assuming that the federal government shutdown will not adversely affect this bid opening, since USDA is a federal agency. However, should there be complications that arise from this; the engineers will contact us as soon as they become aware of any issues.

Chevaux de Frise Water Extension; Last month, all parties initiated the monthly phone conference process with USDA to whittle away the list of items needed to be completed prior to being able to bid this project. Critical items right now include easements, the Rule 42, and the PSC filing. Easement documents should be arriving at the engineer's office next week, and they will begin the easement acquisition process as per the addendum to the engineering services, this process is expected to take four to six weeks.

Sidewalk Project; The paperwork is still in the hands of the DOH and they still haven't approved it due to them being backed up with projects.

Veterans Day Parade; The Mayor introduced Anthony Farr and had him explain what he was wanted to do for Veterans Day. Anthony explained that last year he and some other people through together a Veterans Parade at the last minute and everything went really well so this year they would like to set up another Parade for Veterans Day. The Parade would be November 11 and would start in Oakwood and go down Main Street the Court House. He is also encouraging veterans to be in the parade and anyone that wants to support the veterans is also welcome. Anthony was just making sure that Council had no objections to his plans to coordinate a Veterans Day Parade through town. Mayor asked for any objections to the plans to have a Veterans Day Parade on Nov. 11, no objections were heard and Council wished Anthony good luck on coordinating the parade.

Superintendants Report; was submitted written and included twenty-seven (27) items.

Police Report; was submitted written and included twenty-seven (27) calls for the month of September. Also the new cruiser has been picked up and delivered to Millers Communications for outfitting. The police chief also wanted to bring up that there is an abandoned car at the Town Park and the owner has been sent an ordinance letter to remove the car with no response received from the owner. The chief gave Council a couple of options for the next step; Council member Beall offered his help in finding the dealer that sold the car to the owner.

Old Business:

Lighting at Park; Gene Hearne will get to the lightening at the Park as soon as things slow down for him.

Retirement Plus Adoption Agreement; This topic was brought up at last month's Council meeting. Council member Kerns explained the plan that he had came up with but would like to speak the handlers of the 457 plan again. Council Member Kerns will contact the handlers again and see if they would be willing to come to the special meeting next week and answer some questions.

New Business: None presented at this time.

Building Permit:

#1354 Bub Six 336 W High Street, Pole Building, 500ft from Right-of-Way

#1355 Candice Ross 112 Westfall Lane, Porch

#1356 Richard Sprout 201 Water Street, 12 X 30 Deck

#1357 William & Elizabeth Sarine 211 Woodland Avenue, Doublewide.

Lamm moved to approve the building permits as presented, Lowther seconded the motion which carried by unanimous vote.

Business Licenses:

#3624 Debbie Ivers 1501 E Main Street, "Weekend Woodworking", Wood Crafts, Farmers Mkt.

Hardman moved to approve the business license as presented, Kerns seconded the motion which carried by unanimous vote.

Bills: Lowther moved to approve payment of the invoices as presented, Lamm seconded the motion which carried by unanimous vote.

The Mayor called for further business, none was presented. Lamm moved to adjourn, Lowther seconded the motion which carried by unanimous vote.

The meeting adjourned at 8:16 p.m.

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Recorder

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Mayor

Council

Special Session

October 15, 2013

The Council for the Town of Harrisville met in Special Session Tuesday, October 15, 2013, at 7:30 p.m., in the Meeting Room. Attending were; Mayor Alan R. Haught, Recorder Ronda K. White, and Council Members: Paul Beall, Richard Kerns, David Lamm, Barbara Lowther, Jeffrey Hardman, also Mark Imbrogno of Jackson and Kelly, and Barbara Harmon of the State Treasurer's Office.

The Mayor called the special session to order and stated the meeting was held for the 2nd Reading of the Sewer Revenue Bond by Jackson Kelly and for the 457 Retirement Program for the employees.

New Business:

2nd Reading of the Sewer Revenue Bond – Wastewater Improvements Project;

Mark Imbrogno began by reading the Sewer Revenue Bond by title. Then Mark explained the terms of the bond and what the bond why the bond was needed. The Mayor asked for any questions and hearing none recommended Council adopt the second reading of the Bond.

Lamm moved to approve the second reading of the sewer revenue bond as presented, Lowther seconded the motion, which carried by unanimous vote.

Barbara Harmon - State Treasurer's Office – Retirement 457 Plan;

Barbara Harmon of the State Treasurer's office came back to a council meeting at Councilmember Kerns request to answer some questions and find out what the next step is going to be for council. Mrs. Harmon outlined the supplemental program again and answered questions that were asked by Council. Discussion held. Kerns made a motion to adopt the Retirement Plus Employer Adoption Agreement, Hardman seconded the motion which carried by a unanimous vote.

The Mayor called for further business, none was presented. Lamm moved to adjourn, Lowther seconded the motion which carried by unanimous vote.

Meeting adjourned at 7:54 p.m.

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Recorder

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Mayor

Public Meeting – Sewer Bond Ordinance

The Mayor called the Public Meeting to order and then handed it over to Samme Gee of Jackson Kelly whom stated the purpose of the meeting was to hear any comments and/or objections to the sewer bond ordinance that has had two readings and was published in the paper as required. No comments or objections were presented and the Recorder informed Council that no written comments or objections had been received in the office. The Mayor called for further comments, hearing none, he declared the public meeting closed. The public meeting opened at 7:30 p.m. and closed at 7:31 p.m.

Public Hearing – Building Permit Application

The Mayor called the public meeting to order and stated the purpose of the hearing was to receive comments and/or objections to the building permit application of Lonnie Richards for a porch extension at Arlo's South 16, South Spring Street There were no objections or comments received in the office prior to the meeting. The Mayor called for further comments or objections about the setback from the street, hearing none, he declared the public hearing closed. Public meeting opened at 7:31p.m. and closed at 7:34 p.m.

Council

November 12, 2013

7:30 P.M.

The Council for the Town of Harrisville met in Regular Session Tuesday, November 12, 2013, at 7:30 p.m., in the Meeting Room. Attending were; Mayor Alan R. Haught, Recorder Ronda K. White, and Council Members: Paul Beall, Barbara Lowther, Jeffrey Hardman, Richard Kerns, (David Lamm was absent), also Kenna Davis, Julia Hiley, Steve Worden, Samme Gee, and Chief Mark Lamp.

The Mayor called the meeting to order and the minutes of the October 08, 2013 and the minutes of the Special Meeting on Oct. 15, 2013 meeting were approved as presented.

Requests to be on the Agenda:

Steve Worden – Sales Tax;

Mr. Worden was at the meeting to let Council know that there were some problems with the implementation of the 1% Sales Tax. Some customers had came to his veterinarian clinic and showed him bills where they were charged the extra 1% but they do not live in Harrisville. He explained that he understood that if someone shops within the Town boundaries they will be assessed the sales tax, but people outside the municipality are being taxed and the problem needs to be resolved. He just believes that the people being taxed should be taxed correctly and wants the Council to do some research and get the problems fixed.

Mayor's Report:

Sanitary Board; Met earlier this evening, the plant and tests were good. The Notice of Award for the Wastewater Project was approved and sent to Council for ratification.

Hughes River Water Board; Met last week, the plant is running good and there are some necessary repairs being done.

Wastewater System Improvements; Will be addressed later in the meeting.

Chevaux de Frise Water Extension; is moving along slowly.

Sidewalk Project; The Department of Highways made some inquires from the engineer but still nothing has been approved on their part.

Christian Heritage Week;

Mayoral Proclamation

in harmony with

Christian Heritage Week in West Virginia

November 24-30, 2013

as proclaimed by Governor Earl Ray Tomblin

WHEREAS, the week of Thanksgiving marks the twenty-second consecutive Christian Heritage Week in West Virginia observance; thus continuing a tradition of annual proclamations beginning with Governor Gaston Caperton in 1992 thru 1996 and continued by Governor Cecil Underwood from 1997 thru 2000, Governor Bob Wise from 2001 thru 2004, Governor Joe Manchin from 2005 thru 2010 and Governor Earl Ray Tomblin from 2011 thru 2013; and,

WHEREAS, 154 mayors from 111 cities, towns, and villages throughout West Virginia have proclaimed Christian Heritage Week since 2001; and,

WHEREAS, local churches are asked to participate with relevant Sunday School lessons, sermons, patriotic song services, youth programs and prayer meetings;

NOW, THEREFORE, Let it be Known that November 24 – 30, 2013, Thanksgiving week, is hereby proclaimed as:

Christian Heritage Week
in the
Town of Harrisville, West Virginia
and I invite all citizens to join in this local event each in their own way.

by _____
Mayor

Date: November 12, 2013

Municipal Judges Training; The Mayor informed Council that he attended the Municipal Judges Training again this year and should be receiving his certificate soon.

Superintendants Report; was submitted written and included twenty-six (26) items.

Police Report; was submitted written and included fifteen (15) calls for the month of October.

Old Business:

Lighting at Park; Gene Hearne has finished the installation of the walkway lights at the Town Park.

Retirement Plus Adoption Agreement; Council Member Kerns made a motion to do a Town Match for the retirement for town employees, Hardman seconded the motion which carried by a unanimous vote.

New Business:

3rd and Final Reading of Proposed Bond Ordinance and Adoption: Samme Gee said if there were no objections she would read the ordinance by title. No objections were presented, so the ordinance was read by title. The Mayor then asked for a motion to adopt the ordinance, Kerns moved to adopt the Ordinance as read, Lowther seconded the motion, which carried by unanimous vote. (A copy of the final Bond Ordinance is on file in the Recorder's Office at the Municipal Building.)

Notice of Award – Wastewater System Improvements Project – The Mayor read the recommendation of bids for the Wastewater System Improvements Project. The Town's Engineer's Cerrone Associates recommended for the Town to accept the following bids.

Contract #1 – Sole Contract – Pro Contracting, Inc. of Clarksburg, WV. - $2,647,589

Kerns moved to approve the recommendation as presented, Hardman seconded the motion, which carried by a unanimous vote.

Building Permit:

#1358 Linda Bowlby 516 E Main St., 12 X 16 Shed, 75ft from Street.

#1359 John Smith 157 Cherry St., Storage Building, 38ft from Street.

#1360 David Mossor 908 W Main St., Addition to Garage, 166ft from Street.

#1361 Chris & Holly Dukich 313 Harris Ave., New Home, 20ft from Street.

#1362 Edward Zagula 537 Thomas St., Carport

#1363 Jackie Prim 434 N. Penn Ave., 12 X 16 Storage Building

#1364 Roger Hickman 229 W. Main St., Porch, 20ft from Street.

#1365 Lonnie Richards S Spring St., Porch Extension, 13ft from Street.

Kerns moved to approve the building permits as presented, Lowther seconded the motion which carried by unanimous vote.

Business Licenses:

#3626 Dan Grudier 1501 E Main Street, "Carol's Flowers", Flower Arrangements, Farmers Mkt.

#3627 Melanie Richards 305 E Main St. "Richards Photography", Photography Studio.

Lowther moved to approve the business license as presented, Kerns seconded the motion which carried by unanimous vote.

Bills: Lowther moved to approve payment of the invoices as presented, Hardman seconded the motion which carried by unanimous vote.

The Mayor called for further business, none was presented. Kerns moved to adjourn, Lowther seconded the motion which carried by unanimous vote.

The meeting adjourned at 8:02 p.m.

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Recorder

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Mayor

Council

December 10, 2013

7:30 P.M.

The Council for the Town of Harrisville met in Regular Session Tuesday, December 10, 2013, at 7:30 p.m., in the Meeting Room. Attending were; Mayor Alan R. Haught, Recorder Ronda K. White, and Council Members: Paul Beall, Barbara Lowther, Jeffrey Hardman, Richard Kerns, David Lamm, also Kenna Davis, Julia Hiley, and Samme Gee.

The Mayor called the meeting to order and the minutes of the November 12, 2013 meeting were approved as presented.

Requests to be on the Agenda:

Supplemental Resolution – Samme Gee Jackson Kelly; Introduced by Mayor Haught Samme Gee said if there were no objections she would read the Resolution by title. No objections were presented, she read;

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 2013 A (UNITED STATES DEPARTMENT OF AGRICULTURE) AND SEWER REVENUE BONDS, SERIES 2013 B (UNITED STATES DEPARTMENT OF AGRICULTURE); DESIGNATING A DEPOSITORY BANK AND MAKING OTHER PROVISIONS AS TO THE BONDS.

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWER FACILITIES OF THE TOWN OF HARRISVILLE AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN $102,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2013 A (UNITED STATES DEPARTMENT OF AGRICULTURE); AND FOR THE ISSUANCE OF NOT MORE THAN $2,072,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2013 B (UNITED STATES DEPARTMENT OF AGRICULTURE); 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; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS

AND ADOPTING OTHER PROVISIONS RELATING THERETO.

She went on to explain the resolution includes information about the money, interest, closing, and payments. She was very thorough and answered all questions that were asked. The question was brought up about the Union Bank being the depository bank, when it was supposed to be the West Union Bank. The Bond was amended to include either the Union Bank or West Union bank so both would be covered until it was found out which bank would be used.

Lamm moved to adopt the resolution as amended, Kerns seconded the motion, which carried by unanimous vote.

Mayor's Report:

Sanitary Board; Met earlier this evening, the plant and tests were good. The operator reported that he has one pump down at the plant, and all of the rainy weather is keeping the flow at the plant pretty high.

Hughes River Water Board; Met earlier today, the plant is running good, and the settling basins have been cleaned for the month.

Wastewater System Improvements; This project will have a closing with USDA-RD this Wednesday, December 11, 2013 at 10 AM and a pre-construction conference will follow at 11 AM. The stake out for the project has begun last week in and around town. It will continue over the next five to six weeks, and is somewhat dependent on moderate weather. The Contractor, Pro Contracting, Inc., has indicated that it plans to start sometime shortly after the holidays. Accordingly, a Notice to Proceed will be dated for the Monday after New Year's week, January 6, 2014. Progress on the contract during the winter months is obviously dependent on weather.

Chevaux de Frise Water Extension; the accountant has prepared a draft Rule 42 exhibit that shows the Town currently in a slight operating deficit. The project was financed based on a draft Rule 42 from a previous test year that showed a substantial coverage and reserve. Therefore, the PSC required the project to use some of that reserve to offset pro forma debt. Now that the Town no longer has a reserve, it will need to decide how to proceed. Rod Lowe has committed to fine tuning the Rule 42 exhibit by the next USDA phone conference scheduled for December 18, for the Town to use to decide how to advance. Only seven more easements are needed to reach the 80 percent level. We anticipate that these remaining easements can easily be obtained in the next month or so. The project will be filed for an IJDC binding commitment request as soon as the final Rule 42 exhibit is complete. Once the filing occurs, a certificate can also be filed with the PSC, and it will be approximately six months away from closing. All other items required by USDA for bidding are minor. Assuming that a decision can be made based on the finalized Rule 42 exhibit in the next month; we see no reason why this project cannot be authorized to bid in March or April, 2014.

Sidewalk Project; There has been no news on the aforementioned project.

Superintendants Report; was submitted written and included twenty-six (26) items.

Police Report; was submitted written and included thirty (30) calls for the month of November.

Old Business:

2001 Jeep Cherokee; The police jeep was sold to the Town of West Union for $4,500.00.

2006 Dodge Charger; The Mayor would like for Council to set a base price on the dodge charger due to the fact that Doddridge County police may be in need of a police vehicle.

Beall moved to place a base price of $8,000.00 on the Dodge Charger, Lamm seconded the motion, which carried by a unanimous vote.

New Business:

Resolution for the Harrisville Volunteer Fire Department – The following resolution was to authorize the application and contract for the WV Governor's Community Participation Program Funds.

RESOLUTION

TO AUTHORIZE THE APPLICATION AND CONTRACT FOR

WEST VIRGINIA

GOVERNOR'S COMMUNITY PARTICIPATION PROGRAM FUNDS

WHEREAS, one thousand dollars ($1,000.00) in Governor's Community Participation Grant Program funding was set aside by the West Virginia Legislature for the Town of Harrisville to undertake, on behalf of the Harrisville Volunteer Fire Department, for safety equipment and personal protection equipment; and,

WHEREAS, the Town of Harrisville has applied for funding through the West Virginia Development Office; and,

WHEREAS, the Governor's Community Participation Grant Program requires that a local government unit enter into a contractual agreement with the West Virginia Development Office to receive and administer grant funds.

NOW, THEREFORE, BE IT RESOLVED BY THE COMMON COUNSIL OF THE TOWN OF HARRISVILLE, WEST VIRGINIA, that the Mayor is hereby authorized to execute said agreement and any other necessary documents on behalf of the Council, and that he be empowered to sign the contract and any agreement necessary to obtain these funds.

Adopted this 10th day of December, 2013, at a regular session of the Harrisville Town Council.

Alan R Haught, Mayor

ATTEST:

Ronda K White, Recorder

VOTE: Lowther made the motion to approve the resolution as presented, Hardman seconded the motion, which carried by a unanimous vote.

Building Permit:

#1366 Jesse Bryant 714 Holly brook Drive, Shed, and 128ft from Street.

#1367 Roger Buzzard 131 Westfall Lane, 8 X 16 Porch, w/ Roof

Lamm moved to approve the building permits as presented, Beall seconded the motion which carried by unanimous vote.

Bills: Lowther moved to approve payment of the invoices as presented, Hardman seconded the motion which carried by unanimous vote.

The Mayor called for further business, none was presented. Kerns moved to adjourn, Lamm seconded the motion which carried by unanimous vote.

The meeting adjourned at 7:48 p.m.

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Recorder

Mayor

AFFIDAVIT OF PUBLICATION

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

I, Denise J. Duelley, 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 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 the current happenings, announcements, miscellaneous reading materials, advertisements, and other notices; that the annexed notice of:

PUBLIC HEARING
(CIR 2)

was duly published two weeks beginning with the **30TH DAY OF OCTOBER, 2013,** issue, and ending with the **6TH DAY OF NOVEMBER, 2013,** issue, and that the cost of publishing said annexed notice was **$114.11.**

/s/ Denise J. Duelley
Publisher, Ritchie Gazette & The Cairo Standard

Taken, subscribed and sworn to before me in my said county this 8th day of Nov., 2013.

Melissa A. Shaffer
Notary Public of Ritchie County, West Virginia

My commission expires Aug. 23, 2015.

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
MELISSA A. SHAFFER
ROUTE 1, BOX 139
CAIRO, WV 26337
My Commission Expires August 23, 2018

TOWN OF HARRISVILLE

NOTICE OF PUBLIC HEARING AND ABSTRACT OF BOND ORDINANCE

Notice is hereby given to any person interested that on October 15, 2013, 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 thereof, not otherwise provided, through the issuance of not more than $2,174,000 in aggregate principal amount of Sewer Revenue Bonds, Series 2013 A and Series 2013 B (United States Department of Agriculture) (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 monthly on such dates, mature on such dates and in such amounts and redeemable, in whole or in part, as prescribed in a supplemental resolution.

3. Directed the continuation of a revenue fund and the disposition of the revenues of the System; provided for the payment of operating expenses of the System and debt service on the Bonds; directed the creation of a sinking fund and a reserve account for the Bonds; directed the creation of a bond construction trust fund and the disbursement of Bond proceeds.

4. Provided that the Bonds shall not be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues of the System; pledged the Net Revenues of the System to payment of the Bonds and established the rights of the registered owners of the Bonds to the Net Revenues of the System; provided certain conditions for the issuance of additional bonds.

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 at 7:30 p.m., on November 12, 2013, 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/ Ronda K. White
Recorder

c10/30-11/6

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF HARRISVILLE
SEWER REVENUE BONDS, SERIES 2013 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

No. AR-1

$102,000

FOR VALUE RECEIVED, on this 13th day of December 2013, the TOWN OF HARRISVILLE, a municipal corporation and political subdivision of the State of West Virginia in Ritchie County of said State (the "Issuer"), promises to pay to the order of the UNITED STATES OF AMERICA (the "Government"), at its National Finance Office, 1520 Market Street, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, and in the manner provided below, the principal sum of ONE HUNDRED TWO THOUSAND DOLLARS ($102,000), or such lesser amount as is set forth on the Record of Advances attached hereto and incorporated herein by reference, plus interest on the unpaid principal balance at the rate of 2.75% per annum.

The principal of and interest on this Bond shall be paid in the following installments on the following dates: Monthly installments of interest only on the amounts advanced hereunder, commencing 30 days following the date of delivery of this Bond and continuing on the corresponding day of each month thereafter for the first 24 months after the date hereof, and thereafter, on the corresponding day of each month in installments of principal and interest in the aggregate amount of $362.00, except that the final installment shall be paid at the end of 40 years from the date of this Bond in the sum of the unpaid principal and interest due on the date thereof and except that prepayments may be made as provided below. This consideration shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to the Issuer as requested by the Issuer and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the Record of Advances attached hereto as a part hereof.

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 to principal.

SPECIMEN

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of the Issuer. Extra payments, as defined in the regulations of the Government, shall, after payment of interest, be applied to the installment last to come due under this Bond and shall not affect the obligation of the Issuer 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 therefor, or otherwise under the terms of 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 the Issuer to the Government without demand. The Issuer agrees to use the loan evidenced hereby solely for purposes authorized by the Government. The Issuer has granted to the Government a lien on the proceeds of this Bond until such proceeds are expended for authorized purposes.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public sewer facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of this Bond and related costs. The existing public sewer facilities of the Issuer, the Project and any further improvements and extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 of the Code of West Virginia, 1931, as amended (the "Act"), a Bond Ordinance duly adopted by the Issuer on October 15, 2013, effective November 12, 2013, and a Supplemental Resolution duly adopted by the Issuer on December 11, 2013 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Resolution 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 Resolution.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT WITH THE ISSUER'S SEWER REVENUE BONDS, SERIES 1990 (UNITED STATES DEPARTMENT OF AGRICULTURE) DATED APRIL 17, 1990, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF $618,000; SEWER REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA SRF PROGRAM), DATED APRIL 11, 2001, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF $638,000; SEWER REVENUE BONDS, SERIES 2008 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED NOVEMBER 20, 2008, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF $450,000 (THE "PRIOR BONDS"); AND SEWER REVENUE BONDS, SERIES 2013 B (UNITED STATES DEPARTMENT OF

SPECIMEN

AGRICULTURE), IN THE AMOUNT OF $2,072,000 ISSUED SIMULTANEOUSLY HEREWITH (THE "SERIES 2013 B 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 registered owners of the Prior Bonds and the Series 2013 B Bonds, and from moneys in the Series 2013 A Bonds Reserve Account created under the Bond Legislation for this Bond 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 shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Net Revenues, the moneys in the Series 2013 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 or 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 required in any year for payment of principal 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 Series 2013 B Bonds; provided however, that so long as there exists in the Series 2013 A Bonds Reserve Account and in the reserve accounts for the Prior Bonds and the Series 2013 B Bonds, an amount equal to the maximum amount of principal and interest which will become due on this Bond in any year, and in the respective reserve accounts for any other obligations outstanding on a parity with this Bond, including the Prior Bonds and the Series 2013 B Bonds, an amount equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the Registered Owner of this Bond for the terms of which reference is made to the Bond Legislation. Remedies provided the Registered Owner 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 in the Bond Legislation, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the Recorder of the Issuer, as registrar (the "Registrar"), which shall be kept for that purpose at the office of the Registrar, by the Registered 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 Registered Owner or its attorney or legal representative duly authorized in writing.

SPECIMEN

Subject to the registration requirements in the Bond Legislation, 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 acquisition and construction of the Project and the costs of issuance hereof as 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.

The Issuer 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 the Issuer 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, the Issuer will at the Government's request apply for and accept such loan in sufficient amount to repay the Government.

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.

This Bond is given as evidence of a loan to the Issuer made or insured by the Government pursuant to the Rural Development Act of 1972. This Bond shall be subject to the present regulations of the Government and its future regulations not inconsistent with the express provisions hereof.

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.

SPECIMEN

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.

[Remainder of This Page Intentionally Left Blank]

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 as of the date first written above.

SPECIMEN

Mayor

[SEAL]

ATTEST:

SPECIMEN

Recorder

NUMBER

AR-1

SPECIMEN

(Form of)

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$102,000	12/13/13	(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 $_____

AR-1

SPECIMEN

(Form of)

ASSIGNMENT

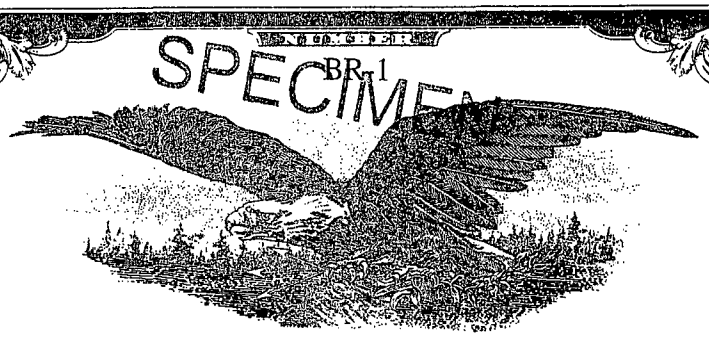
FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto _____ the within Bond and does hereby irrevocably constitute and appoint _____, Attorney to transfer said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____, ;_____.

_____

In the presence of:

_____



UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF HARRISVILLE
SEWER REVENUE BONDS, SERIES 2013 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

No. BR-1 $2,072,000

FOR VALUE RECEIVED, on this 13th day of December 2013, the TOWN OF HARRISVILLE, a municipal corporation and political subdivision of the State of West Virginia in Ritchie County of said State (the "Issuer"), promises to pay to the order of the UNITED STATES OF AMERICA (the "Government"), at its National Finance Office, 1520 Market Street, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, and in the manner provided below, the principal sum of TWO MILLION SEVENTY-TWO THOUSAND DOLLARS ($2,072,000), or such lesser amount as is set forth on the Record of Advances attached hereto and incorporated herein by reference, plus interest on the unpaid principal balance at the rate of 2.50% per annum.

The principal of and interest on this Bond shall be paid in the following installments on the following dates: Monthly installments of interest only on the amounts advanced hereunder, commencing 30 days following the date of delivery of this Bond and continuing on the corresponding day of each month thereafter for the first 24 months after the date hereof, and thereafter, on the corresponding day of each month in installments of principal and interest in the aggregate amount of $7,045.00, except that the final installment shall be paid at the end of 40 years from the date of this Bond in the sum of the unpaid principal and interest due on the date thereof and except that prepayments may be made as provided below. This consideration shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to the Issuer as requested by the Issuer and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the Record of Advances attached hereto as a part hereof.

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 to principal.

SPECIMEN

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of the Issuer. Extra payments, as defined in the regulations of the Government, shall, after payment of interest, be applied to the installment last to come due under this Bond and shall not affect the obligation of the Issuer 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 therefor, or otherwise under the terms of 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 the Issuer to the Government without demand. The Issuer agrees to use the loan evidenced hereby solely for purposes authorized by the Government. The Issuer has granted to the Government a lien on the proceeds of this Bond until such proceeds are expended for authorized purposes.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public sewer facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of this Bond and related costs. The existing public sewer facilities of the Issuer, the Project and any further improvements and extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 of the Code of West Virginia, 1931, as amended (the "Act"), a Bond Ordinance duly adopted by the Issuer on October 15, 2013, effective November 12, 2013, and a Supplemental Resolution duly adopted by the Issuer on December 11, 2013 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Resolution 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 Resolution.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT WITH THE ISSUER'S SEWER REVENUE BONDS, SERIES 1990 (UNITED STATES DEPARTMENT OF AGRICULTURE) DATED APRIL 17, 1990, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF $618,000; SEWER REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA SRF PROGRAM), DATED APRIL 11, 2001, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF $638,000; SEWER REVENUE BONDS, SERIES 2008 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED NOVEMBER 20, 2008, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF $450,000 (THE "PRIOR BONDS"); AND SEWER REVENUE BONDS, SERIES 2013 A (UNITED STATES DEPARTMENT OF

SPECIMEN

AGRICULTURE), IN THE AMOUNT OF $102,000 ISSUED SIMULTANEOUSLY HEREWITH (THE "SERIES 2013 A 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 registered owners of the Prior Bonds and the Series 2013 A Bonds, and from moneys in the Series 2013 B Bonds Reserve Account created under the Bond Legislation for this Bond 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 shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Net Revenues, the moneys in the Series 2013 B 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 or 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 required in any year for payment of principal 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 Series 2013 A Bonds; provided however, that so long as there exists in the Series 2013 B Bonds Reserve Account and in the reserve accounts for the Prior Bonds and the Series 2013 A Bonds, an amount equal to the maximum amount of principal and interest which will become due on this Bond in any year, and in the respective reserve accounts for any other obligations outstanding on a parity with this Bond, including the Prior Bonds and the Series 2013 A Bonds, an amount equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the Registered Owner of this Bond for the terms of which reference is made to the Bond Legislation. Remedies provided the Registered Owner 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 in the Bond Legislation, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the Recorder of the Issuer, as registrar (the "Registrar"), which shall be kept for that purpose at the office of the Registrar, by the Registered 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 Registered Owner or its attorney or legal representative duly authorized in writing.

SPECIMEN

Subject to the registration requirements in the Bond Legislation, 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 acquisition and construction of the Project and the costs of issuance hereof as 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.

The Issuer 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 the Issuer 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, the Issuer will at the Government's request apply for and accept such loan in sufficient amount to repay the Government.

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.

This Bond is given as evidence of a loan to the Issuer made or insured by the Government pursuant to the Rural Development Act of 1972. This Bond shall be subject to the present regulations of the Government and its future regulations not inconsistent with the express provisions hereof.

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.

SPECIMEN

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.

[Remainder of This Page Intentionally Left Blank]

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 as of the date first written above.

SPECIMEN

Mayor

[SEAL]

ATTEST:

SPECIMEN

Recorder

NUMBER BR-1

SPECIMEN

(Form of)

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$437,321.47	12/13/13	(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 $_____

NUMBER BR-1

SPECIMEN

(Form of)

ASSIGNMENT

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

Dated: _____, ;_____.

_____

In the presence of:

_____

BOND REGISTER

$102,000
TOWN OF HARRISVILLE
SEWER REVENUE BONDS, SERIES 2013 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

Bond Number	Principal Amount	Date of Bond
AR-1	$102,000	December 13, 2013

NO WRITING ON THIS BOND REGISTER EXCEPT BY THE REGISTRAR

Name of Registered Owner:
United States of America
1520 Market Street
St. Louis, Missouri 63103

Signature of Registrar:
Town of Harrisville

Recorder

BOND REGISTER

$2,072,000
TOWN OF HARRISVILLE
SEWER REVENUE BONDS, SERIES 2013 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

Bond Number	Principal Amount	Date of Bond
BR-1	$2,072,000	December 13, 2013

NO WRITING ON THIS BOND REGISTER EXCEPT BY THE REGISTRAR

Name of Registered Owner:
United States of America
1520 Market Street
St. Louis, Missouri 63103

Signature of Registrar:
Town of Harrisville

Recorder

THE TOWN OF HARRISVILLE, WEST VIRGINIA

INTERIM FINANCING AND BOND ORDINANCE

20A

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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 Mullinix
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. Vaught
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: _____

06822

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 Mullinix
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.

THE TOWN OF HARRISVILLE 2.8
SEWER REVENUE BONDS, SERIES 2008 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

BOND RESOLUTION

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THE TOWN OF HARRISVILLE

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWER FACILITIES OF THE TOWN OF HARRISVILLE AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $450,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2008 A (UNITED STATES DEPARTMENT OF AGRICULTURE); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND THE DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE TOWN OF HARRISVILLE:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

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

Section 1.02. Definitions. The following terms shall have the following meanings herein unless the context expressly requires otherwise:

"Act" means Chapter 16, Article 13 of the Code of West Virginia, 1931, as amended and in effect on the date of adoption of this Resolution.

"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 Issuer, which shall so serve by the Secretary of the Issuer.

"Bonds" means the Series 2008 A Bonds, the Prior Bonds and any Parity Bonds hereafter issued within the terms, restrictions and conditions contained in this Resolution.

"Closing Date" means the date upon which there is an exchange of the Series 2008 A Bonds for all or a portion of the proceeds of the Series 2008 A Bonds.

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

"Consulting Engineers" means Cerrone Associates, Inc., Wheeling, West Virginia, or any engineer or firm of engineers, licensed by the State, which shall at any time hereafter be retained by the Issuer as Consulting Engineers for the System in accordance with Chapter 5G, Article 1 of the Code of West Virginia, 1931, as amended.

"Costs" or "Costs of the Project" means those costs described in Section 1.03E hereof to be a part of the cost of acquisition and construction of the Project.

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

"Depreciation Account" means the Depreciation Account established by the Prior Ordinances and continued hereby.

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

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

"Governing Body" or "Board" means the Council of the Issuer or any other governing body of the Issuer that succeeds to the functions of the Council as presently constituted.

"Government" means the United States of America, United States Department of Agriculture, Rural Utilities Service, which is expected to be the original purchaser of the Series 2008 A Bonds.

"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.

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

"Issuer" means the Town of Harrisville, a municipal corporation and political subdivision of the State in Ritchie County, West Virginia, and, when appropriate, also means the Governing Body thereof and any department, board, organization or institution thereof in control of the management and operation of the System, as hereinafter defined.

"Letter of Conditions" means, collectively, the Letter of Conditions of the Government dated April 23, 2007, and all amendments thereto.

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

"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); fees and expenses of fiscal agents, depository banks, registrars, paying agents and trustees (other than those capitalized as part of the Costs); payments to pension or retirement funds; taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Bonds, charges for depreciation, losses from the sale or other disposition of, or

from any decrease in the value of, capital assets; amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

"Outstanding," when used with reference to Bonds and as of any particular date, describes all Bonds theretofore and thereupon being authenticated and delivered except (i) any Bond canceled by the Bond Registrar at or prior to said date; (ii) any Bond 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 Section 10.01 hereof; and (iv) for purposes of consents, notices or other action by a specified percentage of Registered Owners, any Bonds registered to the Issuer.

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

"Prior Bonds" means the Issuer's Sewer Revenue Bonds, Series 1990 (United States Department of Agriculture) dated April 17, 1990, issued in the original principal amount of $618,000 and the Sewer Revenue Bonds, Series 2001 A (West Virginia SRF Program), dated April 11, 2001, issued in the original principal amount of $638,000.

"Prior Ordinances" means, collectively, the ordinances adopted by the Issuer, authorizing the Prior Bonds.

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

"PSC" means the Public Service Commission of West Virginia and any successor to the functions thereof.

"PSC Order" means, collectively, the final order or orders of the PSC, granting the Issuer a certificate of convenience and necessity to construct the Project and approving the financing for the Project and the rates of the System.

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

(a) Government Obligations;

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

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

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

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

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

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

(h) The West Virginia "consolidated fund" managed by the West Virginia Board of Treasury Investments pursuant to Chapter 12, Article 6C of the Code of West Virginia, 1931, as amended;

(i) Obligations of states or political subdivisions or agencies thereof, the interest on which is excluded from gross income for federal income tax purposes, and which are rated at least "A" by Moody's Investors Service, Inc. or Standard & Poor's Corporation; and

(j) Advanced-Refunded Municipal Bonds.

"Recorder" means the Recorder of the Issuer.

"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.

"Registrar" or "Bond Registrar" means the Issuer, which shall so serve by the Recorder.

"Renewal and Replacement Fund" means the Renewal and Replacement Fund established by the Prior Ordinances and continued hereby.

"Reserve Accounts" means, collectively, the respective reserve accounts of the Series 2008 A Bonds and the Prior Bonds.

"Reserve Requirements" means, collectively, the respective reserve requirements of the Series 2008 A Bonds and the Prior Bonds.

"Revenue Fund" means the Revenue Fund established by the Prior Ordinances and continued hereby.

"Series 2008 A Bonds" means the Sewer Revenue Bonds, Series 2008 A (United States Department of Agriculture), of the Issuer, authorized to be issued hereby.

"Series 2008 A Bonds Construction Trust Fund" means the Series 2008 A Bonds Construction Trust Fund created by Section 5.01 hereof.

"Series 2008 A Bonds Reserve Account" means the Series 2008 A Bonds Reserve Account established by Section 5.02 hereof.

"Series 2008 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 2008 A Bonds in the then current or any succeeding year.

"Series 2008 A Bonds Sinking Fund" means the Series 2008 A Bonds Sinking Fund established by Section 5.03A(2) hereof.

"Sinking Funds" means, collectively, the respective sinking funds of the Series 2008 A Bonds and the Prior Bonds.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution of the Issuer supplementing or amending this Resolution and, when preceded by the article "the," refers specifically to the Supplemental Resolution authorizing the sale of the Series 2008 A Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 2008 A Bonds and not so included may be included in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by this Resolution to be set aside and held for the payment of or security for the Series 2008 A Bonds and the Prior Bonds, including the Sinking Funds, the Reserve Accounts, the Depreciation Account and the Renewal and Replacement Fund.

"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.

Additional terms and phrases are defined in this Resolution as they are used. Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing the masculine, feminine or neutral gender shall include any other gender. Requirement for execution or attestation of the Bonds or any certificate or other document by the Chairperson or the Secretary shall mean that such Bonds, certificate or other document may be executed or attested by an Acting Chairperson or Acting Secretary.

Accounting terms not specifically defined shall be given meaning in accordance with generally accepted accounting principles.

Section 1.03. Findings. It is hereby found, determined and declared as follows:

A. The Issuer is a municipal corporation and political subdivision of the State in Ritchie County of said State. The Issuer presently owns and operates a public sewerage system. However, the Issuer deems it necessary and desirable for the health, welfare and safety of the inhabitants of the Issuer that there be acquired and constructed the Project, in accordance with the plans and specifications prepared by the Consulting Engineer, which plans and specifications have been approved by the Government and the Issuer.

B. In accordance with Section 2 of the Act, the System is under the supervision and control of the Sanitary Board of the City (the "Sanitary Board").

C. The Sanitary Board has presented a petition to the City for the design, acquisition and construction of the Project, the enactment of this Ordinance and the issuance of the Sewerage System Revenue Bonds (the "Bonds").

D. The Issuer intends to permanently finance a portion of the costs of acquisition and construction of the Project through the issuance of its revenue bonds to the Government.

E. The estimated maximum cost of acquisition and construction of the Project is $775,800, of which $450,000 will be obtained from the Series 2008 A Bonds and $325,800 will be obtained from a grant from the Government.

F. 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 Operating Expenses of the System, the principal of and interest on the Prior Bonds and the Series 2008 A Bonds and to make payments into all funds and accounts provided for in this Resolution and the Prior Ordinances.

G. It is deemed necessary for the Issuer to issue the Series 2008 A Bonds in the aggregate principal amount of not more than $450,000, to permanently finance a portion of the costs of acquisition and construction of the Project. Such costs shall be deemed to include the cost of acquisition or construction of any public service properties and any improvements and extensions thereto, the cost of all property rights, easements and

franchises deemed necessary or convenient therefor; interest on the Series 2008 A Bonds prior to and during acquisition or construction and for six months after completion of acquisition or construction of the Project; 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 and such other expenses as may be necessary or incident to the financing herein authorized, the acquisition or construction of the Project and the placing of the same in operation, and the performance of the things herein required or permitted, in connection with any thereof; provided that, reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2008 A Bonds or the repayment of the indebtedness incurred by the Issuer for such purposes shall be deemed part of the Cost of the Project.

H. The Series 2008 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 met the parity and coverage requirements of the Prior Bonds and the Prior Ordinances and has substantially complied with all other parity requirements, except to the extent that noncompliance with any such other parity requirements is not of a material nature. Prior to the issuance of the Series 2008 A Bonds, the Issuer will obtain (1) the certificate of an Independent Certified Public Accountant stating that the parity and coverage tests of the Prior Bonds have been met; and (2) the written consent of the Registered Owners of the Prior Bonds to the issuance of the Series 2008 A Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

I. The period of usefulness of the System after completion of the Project is not less than 40 years.

J. It is in the best interests of the Issuer that the Series 2008 A Bonds be sold to the Government pursuant to the terms and provisions of the Letter of Conditions.

K. The Issuer has complied with all requirements of West Virginia law and the Letter of Conditions relating to authorization of the acquisition, construction and operation of the Project and issuance of the Series 2008 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 United States Department of Agriculture and the obtaining of the PSC Order, the time for rehearing and appeal of which has expired or will have been waived prior to the issuance of the Series 2008 A Bonds.

Section 1.04. Resolution Constitutes Contract. In consideration of the acceptance of the Series 2008 A Bonds by those who shall be the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Registered Owners, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Registered Owners of any and all of such Bonds, all of which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bonds by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF PROJECT

Section 2.01. Authorization of Acquisition and Construction of Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of not to exceed $450,000, in accordance with the plans and specifications prepared by the Consulting Engineers, approved by the Government and the Issuer and heretofore filed in the office of the Governing Body. The proceeds of the Series 2008 A Bonds 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, which are in an amount and otherwise compatible with the financing plan submitted to the Government.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS

Section 3.01. Authorization of Bonds. For the purposes of paying a portion of the costs of the Project and paying the costs of issuance of the Series 2008 A Bonds and related costs, there shall be and hereby are authorized to be issued negotiable Series 2008 A Bonds of the Issuer. The Series 2008 A Bonds shall be issued in one series, as a single bond, designated respectively as "Sewer Revenue Bonds, Series 2008 A (United States Department of Agriculture)," in the aggregate principal amount of not more than $450,000, and shall have such terms as are set forth hereinafter or in the Supplemental Resolution.

Section 3.02. Terms of Bonds. The Series 2008 A Bonds shall be issued in such principal amounts; shall bear interest at such rate or rates, not exceeding the legal maximum rate, payable monthly 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 the Supplemental Resolution or as specifically provided in the Series 2008 A Bonds.

The Series 2008 A Bonds shall be subject to prepayment of scheduled monthly installments, or any portion thereof, at the option of the Issuer, shall be payable as provided in the respective Bond form hereinafter set forth, and shall have such other terms not inconsistent with this Ordinance, as shall be set forth in the Supplemental Resolution and such Bond form.

Section 3.03. Execution of Bonds. The Series 2008 A Bonds shall be executed in the name of the Issuer by the manual or facsimile signature of the Mayor, and the seal of the Issuer shall be impressed thereon and attested by the manual or facsimile signature of the Recorder. In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer of the Issuer 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 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. Negotiability, Transfer and Registration. The Series 2008 A Bonds shall be and have all the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State, but the Bonds, and the right to principal of and

stated interest on the Bonds, may only be transferred by transfer of the registration thereof upon the books of the Bond Registrar, by the party in whose name it is registered, in person or by attorney duly authorized in writing, upon surrender of the Bonds for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Bond Registrar.

Whenever the Series 2008 A Bonds shall be surrendered for registration of transfer, the Issuer shall execute and deliver a new Bond or Bonds in authorized denominations, for a like aggregate principal amount. The Bond Registrar shall require the payment by the new owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer.

No registration of transfer of the Series 2008 A Bonds shall be permitted to be made after the 15th day next preceding any installment payment date on such Bonds.

The Issuer shall be the Bond Registrar and will keep, or cause to be kept by its agent, at its office, books for the registration and transfer of the Series 2008 A Bonds and, upon presentation for such purpose, the Bond Registrar shall, under such reasonable regulations as it may prescribe, register the Bonds initially issued pursuant hereto and register the transfer, or cause to be registered by its agent, on such books, the transfer of the Bonds as hereinbefore provided.

The Bond Registrar shall accept the Series 2008 A Bonds for registration or transfer only if ownership thereof is to be registered in the name of the Government, an individual (including joint ownership), a corporation, a partnership or a trust, and only upon receipt of the social security number of each individual, the federal employer identification number of each corporation or partnership or the social security numbers of the settlor and beneficiaries of each trust and the federal employer identification number and date of each trust and the name of the trustee of each trust and/or such other identifying number and information as may be required by law. The Series 2008 A Bonds shall initially be fully registered as to both principal and interest in the name of the United States of America. So long as the Series 2008 A Bonds shall be registered in the name of the United States of America, the address of the United States of America for registration purposes shall be National Finance Office, 1520 Market Street, St. Louis, Missouri 63103, or such other address as shall be stated in writing to the Issuer by the United States of America.

Section 3.05. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2006 Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue 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 Registered Owner's furnishing the Issuer proof of ownership and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer may incur. All Bonds so surrendered shall be canceled 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 3.06. Bonds not to be Indebtedness of the Issuer. The Series 2008 A Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System, as herein provided. No Registered Owner of the Series 2008 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2008 A Bonds or the interest thereon.

Section 3.07. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service of the Series 2008 A Bonds shall be secured by a first lien on the Net Revenues on a parity with the lien on the Net Revenues in favor of the Registered Owners of the Prior Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Series 2008 A Bonds and the Prior Bonds and to make the payments into all funds and accounts provided for in this Ordinance and the Prior Ordinances, are hereby irrevocably pledged to such payments as they become due.

Section 3.08. Form of Bonds. The text of each series of the Series 2008 A Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF SERIES 2008 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE TOWN OF HARRISVILLE
SEWER REVENUE BONDS, SERIES 2008 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

No. AR-1 $_____

FOR VALUE RECEIVED, on this __ day of _____, 200_, THE TOWN OF HARRISVILLE, a municipal corporation and political subdivision of the State of West Virginia in Ritchie County of said State (the "Issuer"), promises to pay to the order of the UNITED STATES OF AMERICA (the "Government"), at its National Finance Office, 1520 Market Street, St. Louis, Missouri 63103, or at 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 is set forth on the Record of Advances attached hereto and incorporated herein by reference, plus interest on the unpaid principal balance at the rate of 4.125% per annum.

The principal of and interest on this Bond shall be paid in the following installments on the following dates: Monthly installments of interest only on the amounts advanced hereunder, commencing 30 days following the date of delivery of this Bond and continuing on the corresponding day of each month thereafter for the first 24 months after the date hereof, and thereafter, on the corresponding day of each month in installments of principal and interest in the aggregate amount of $1,958.00, except that the final installment shall be paid at the end of 40 years from the date of this Bond in the sum of the unpaid principal and interest due on the date thereof and except that prepayments may be made as provided below. This consideration shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to the Issuer as requested by the Issuer and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the Record of Advances attached hereto as a part hereof.

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 to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of the Issuer. Extra payments, as defined in the regulations of the Government, shall, after payment of interest, be applied to the installment last to come due under this Bond and shall not affect the obligation of the Issuer 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 herefor, or otherwise under the terms of 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 the Issuer to the Government without demand. The Issuer agrees to use the loan evidenced hereby solely for purposes authorized by the Government. The Issuer has granted to the Government a lien on the proceeds of this Bond until such proceeds are expended for authorized purposes.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public sewer facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of this Bond and related costs. The existing public sewer facilities of the Issuer, the Project and any further improvements and extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 of the Code of West Virginia, 1931, as amended (the "Act"), a Bond Ordinance duly adopted by the Issuer on _____, 200_, and a Supplemental Resolution duly adopted by the Issuer on _____, 200 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Resolution 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 Resolution.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT WITH THE ISSUER'S (1) SEWER REVENUE BONDS, SERIES 1990, DATED APRIL 17, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $618,000 AND THE SEWER REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA SRF PROGRAM), DATED APRIL 11, 2001, ISSUED IN THE PRINCIPAL AMOUNT OF $638,000 (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 registered owners of the Prior Bonds, and from moneys in the Series 2008 A Bonds Reserve Account created under the Bond Legislation for this Bond 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 shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Net Revenues, the moneys in the Series 2008 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 required in any year for payment of 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 2008 A Bonds Reserve Account, an amount equal to the maximum amount of principal and interest which will become due on this Bond in any year, and in the respective reserve accounts for any other obligations outstanding on a parity with this Bond, including the Prior Bonds, an amount equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the Registered Owner of this Bond for the terms of which reference is made to the Bond Legislation. Remedies provided the Registered Owner 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 in the Bond Legislation, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the Secretary of the Issuer, as registrar (the "Registrar"), which shall be kept for that purpose at the office of the Registrar, by the Registered 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 Registered Owner or its attorney or legal representative duly authorized in writing.

Subject to the registration requirements in the Bond Legislation, 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 acquisition and construction of the Project and the costs of issuance hereof as 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.

The Issuer 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 the Issuer 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, the Issuer will at the Government's request apply for and accept such loan in sufficient amount to repay the Government.

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.

This Bond is given as evidence of a loan to the Issuer made or insured by the Government pursuant to the Rural Development Act of 1972. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

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 as of the date first written above.

_____

Mayor

[SEAL]

ATTEST:

_____

Recorder

(Form of)

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

(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 thereof with full power of substitution in the premises.

Dated: _____, ____.

_____

In the presence of:

_____

Section 3.09. Sale of Bonds. The Series 2008 A Bonds shall be sold to the Government pursuant to the terms and conditions of the Letter of Conditions. The Letter of Conditions is hereby approved and the provisions of the Letter of Conditions are specifically incorporated in this Bond Legislation.

ARTICLE IV

[RESERVED]

ARTICLE V

SYSTEM REVENUES AND APPLICATION THEREOF

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

(1) Revenue Fund (established by the Prior Ordinances);

(2) Depreciation Account (established by the Prior Ordinances);

(3) Renewal and Replacement Fund (established by the Prior Ordinances); and

(4) Series 2008 A Bonds Construction Trust Fund.

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

(1) Series 2008 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 by the Issuer in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Bond Legislation and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner herein provided. Funds in the Revenue Fund shall be disposed of only in the following manner and order of priorities and as provided in the Prior Ordinances.

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

(2) The Issuer shall next, each month, from the moneys in the Revenue Fund, (i) make the interest payments on the Prior Bonds in the amounts and on the dates required by the Prior Ordinances; and (ii) commencing on the day which is 30 days following the date of delivery of the Series 2008 A Bonds and continuing on the corresponding day of each month, remit to the National Finance Office for deposit in the Series 2008 A Bonds Sinking Fund hereby established at the National Finance Office, the amount of interest set forth in the Series 2008 A Bonds.

(3) The Issuer shall next, each month, from the moneys in the Revenue Fund, (i) make the principal payments of the Prior Bonds in the amounts and on the dates required by the Prior Ordinances; and (ii) commencing on the day which is 24 months following the date of delivery of the Series 2008 A Bonds and continuing on the corresponding day of each month, remit to the National Finance Office for deposit in the Series 2008 A Bonds Sinking Fund, the amount of principal set forth in the Series 2008 A Bonds.

The deposits into the Series 2008 A Bonds Sinking Fund provided in this paragraph and in Section 5.03A (2) above, constitute actual payments of principal of and interest on the Series 2008 A Bonds to the Government.

(4) The Issuer shall next, each month, from the moneys in the Revenue Fund, (i) make the reserve account payments into the Reserve Accounts of the Prior Bonds in the amounts and on the dates required by the Prior Ordinances; and (ii) commencing on the day which is 24 months following the date of delivery of the Series 2008 A Bonds and continuing on the corresponding day of each month, remit to the Commission for deposit in the Series 2008 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2008 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2008 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 2008 A Bonds Reserve Requirement.

(5) The Issuer shall next, each month, from the moneys in the Revenue Fund, make the payments into the Depreciation Account in the amounts and on the dates required by the Prior Ordinances.

(6) The Issuer shall next, each month, transfer from the Revenue Fund and 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 (as previously set forth in the Prior Ordinances and not in addition thereto), exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, improvements or extensions to the System; provided that, any deficiencies in any Reserve Account, except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof, shall be promptly eliminated with 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, improvements, or extensions to the System which the Consulting Engineers certify are needed and/or (c) payments of principal and interest on subordinate sewer revenue bonds, or other obligations which may hereafter be issued by the Issuer on account of the System.

Moneys in the Series 2008 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2008 A Bonds as the same shall become due. Moneys in the Series 2008 A Bonds Reserve Account shall be used only for the purposes of paying principal of and interest on the Series 2008 A Bonds as the same shall come due, when other moneys in the respective Sinking Funds are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 2008 A Bonds Reserve Account (if fully funded) in an amount equal to the Series 2008 A Bonds Reserve Requirement shall be transferred, not less than once each year, to the Series 2008 A Bonds Construction Trust Fund during construction of the Project and thereafter, to the Revenue Fund and applied in full, first to the next ensuing interest payment due on the Series 2008 A Bonds and then to the next ensuing principal payment due thereon on a pro rata basis.

Any withdrawals from the Series 2008 A Bonds Reserve Account which result in a reduction in the balance therein to below the respective 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 2008 A Bonds are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay any interest on such 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.

Interest, principal, or reserve account payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 2008 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 2008 A Bonds Reserve Account created hereunder, and all amounts required for

such account shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Government, the Issuer shall make the necessary arrangements whereby required payments into the Series 2008 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 2008 A Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2008 A Bonds Sinking Fund and the Series 2008 A Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2008 A Bonds under the conditions and restrictions set forth herein.

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

C. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar, the Paying Agent, or the Depository Bank, on such dates as the respective parties shall require, such additional sums as shall be necessary to pay their respective charges and the fees then due. If required by the Government, 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.

D. 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.

E. If, on any monthly payment date, the revenues are insufficient to place the required amount in any of the funds and accounts as herein above provided, the deficiency shall be made up in the subsequent payments in addition to the payments which would otherwise be required to be made into the funds and accounts on the subsequent payment dates; provided, that all deposits, including on account of deficiencies, shall be made in the order of priority set forth in Section 5.03A hereof, and no payment of lower priority shall be made if there exists a deficiency in a fund or account of higher priority.

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

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

ARTICLE VI

APPLICATION OF BOND PROCEEDS

Section 6.01. Application of Bond Proceeds. All moneys received from time to time from the sale of the Series 2008 A Bonds shall be deposited in the Series 2008 A Bonds Construction Trust Fund and shall be used solely to pay costs of the Project and until so expended, are hereby pledged as additional security for the Series 2008 A Bonds.

Section 6.02. Disbursements from Bond Construction Trust Fund. The Series 2008 A Bonds Construction Trust Fund shall be kept separate and apart from all other funds of the Issuer, and shall be drawn out, used and applied by the Issuer solely for the payment of the costs of the Project and purposes incidental thereto, including payment of any borrowings by the Issuer made for the purpose of temporarily financing a portion of the costs of the Project and payment of interest on the Series 2008 A Bonds prior to and during construction and for a period up to six months after completion of construction and for no other purposes whatsoever. If approved by the Government, the moneys in said fund shall be secured at all times by Government Obligations having a fair market value at least equal to the balance in said fund in excess of the amount insured by the FDIC. If for any reason the amounts on deposit in the Series 2008 A Bonds Construction Trust Fund are not necessary for, or are not applied to, such purposes, then such unapplied amounts shall be deposited by the Issuer 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 Registered Owners of the Series 2008 A Bonds.

Expenditures or disbursements from the Series 2008 A Bonds Construction Trust Fund shall be made only after such expenditures or disbursements have been approved in writing by the Governing Body, the Consulting Engineers and the Government.

The Issuer shall coordinate with the Government on the monthly payment of the costs of the Project and shall submit invoices and requisitions as directed by the Government.

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 Registered Owner of the Series 2008 A Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Registered Owner of the Series 2008 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 the Series 2008 A Bonds or the interest thereon are Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2008 A Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Registered Owner of the Series 2008 A Bonds shall ever have the right to compel the exercise of the taxing power, if any, of the Issuer to pay the Series 2008 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 the debt service of the Series 2008 A Bonds shall be secured by a first lien on the Net Revenues on a parity with the lien on the Net Revenues in favor of the Registered Owners of the Prior Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest on the Prior Bonds and the Series 2008 A Bonds and to make the payments into all funds and accounts and all other payments provided for in this Bond Legislation and the Prior Ordinances are hereby irrevocably pledged, in the manner provided herein and therein, to such payments as the same become due, and for the other purposes provided in this Bond Legislation and the Prior Ordinances.

Section 7.04. Initial Schedule of Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by state law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal. Such rates and charges shall be sufficient to comply with the requirements of this Resolution and the Prior Ordinances. 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 enacted on May 13, 2008.

So long as the Series 2008 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 this Bond Legislation. In the event the schedule of rates, fees and charges initially established for the System in connection with the Series 2008 A Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation, 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 Resolution.

Section 7.05. Sale of the System. So long as the Prior Bonds are Outstanding, the System may not be sold, transferred, mortgaged, leased or otherwise disposed of, except in accordance with the terms of the Prior Ordinances. So long as the Series 2008 A Bonds are Outstanding and except as otherwise required by law or with the written consent of the Government, the System may not be sold, transferred, 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 Section 10.01 hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2008 A Bonds, immediately be remitted to the Government for payment of principal of and interest on the Series 2008 A Bonds. Any balance, remaining after the payment of principal of and interest on the Series 2008 A Bonds, shall be remitted to the Issuer 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, in writing, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding. The proceeds derived from any such sale, lease or other disposition of such property shall be deposited in the

Renewal and Replacement Fund. The payment of such proceeds into the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions of this Resolution.

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 or redeem prior to maturity all Bonds then Outstanding without the prior approval and consent in writing of the Registered Owners of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Registered Owners of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. So long as the Series 2008 A Bonds are Outstanding, 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 2008 A Bonds; provided, however, that Parity Bonds may be issued as provided for in Section 7.07 hereof and in the Prior Ordinances (so long as the Prior Bonds are Outstanding). All obligations hereafter issued by the Issuer payable from the revenues of the System, except such Parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on, pledge and source of and security for payment from such revenues and in all other respects, to the Series 2008 A Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein and in the Prior Ordinances 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 liens of the Series 2008 A Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2008 A Bonds and the interest thereon in this Bond Legislation, or upon the System or any part thereof.

Section 7.07. Parity Bonds. So long as the Prior Bonds are Outstanding, no Parity Bonds shall be issued except in accordance with the terms of the Prior Ordinances. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of any Bonds pursuant to this Bond Legislation, except under the conditions and in the manner provided herein and with the prior written consent of the Government.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Prior Bonds and the Series 2008 A Bonds.

No such Parity Bonds shall be issued except for the purpose of financing the costs of the design, acquisition or construction of extensions or improvements to the System or refunding any Bonds Outstanding, or both such purposes.

So long as the Series 2008 A Bonds are Outstanding, no Parity Bonds shall be issued at any time, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues for the Fiscal Year following the year in which such Parity Bonds are to be issued shall be at least 120% of the average annual debt service requirements 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 foregoing limitation may be waived or modified by the written consent of the Registered Owners of the Series 2008 A Bonds, representing 75% of the then-outstanding principal indebtedness. In the event the foregoing limitation is waived, the following parity requirement shall be met:

No Parity Bonds shall be issued at any time, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the three succeeding years after the completion of the improvements to be financed by such Parity Bonds, if any, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest, if any, on the following:

(1) The Bonds then Outstanding;

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

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

The "estimated average increased annual Net Revenues to be received in each of the three succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from the improvements to be financed by such Parity Bonds and any increase in rates adopted by the Issuer and approved by the PSC, the period for appeal of which has expired prior to the date of issuance of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Independent Certified Public Accountants, which shall be filed in the office of the Secretary prior to the issuance of such Parity Bonds.

The Net Revenues actually derived from the System during the 12-consecutive-month period 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, on account of increased rates, rentals, fees and charges for the System adopted by the Issuer and approved by the PSC, the period for appeal of which has expired prior to issuance of such Parity Bonds.

All covenants and other provisions of this Bond Legislation (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Registered Owners of the Series 2008 A Bonds and the Registered Owners of any Parity Bonds issued from time to time within the limitations of and in compliance with this section. Bonds issued on a parity, regardless of the time or times of their issuance, shall rank equally with respect to their respective liens on the revenues of the System and their respective source of and security for payment from said revenues, without preference of any Bond of one series over any other Bond of another series on a parity therewith. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Bond Legislation required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior liens of the Outstanding Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 2008 A Bonds.

No Parity Bonds shall be issued any time, however, unless all the payments into the 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 such Parity Bonds, and the Issuer shall 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 Government and its 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 Issuer shall submit to the Government such documents and information as it 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 State and federal grants or other sources of financing for the Project.

The Issuer shall permit the Government and its agents and representatives to inspect all records 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.

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 Registered Owner of the Series 2008 A 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 in accordance with the rules and regulations of the PSC and the Act. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner and on the forms, books and other bookkeeping records as prescribed by the Governing Body.

The Issuer shall provide the Government each year or any Registered Owner of the Series 2008 A Bonds requesting the same, with 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 or other obligations outstanding.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants (and to the extent legally required in compliance with the applicable OMB Circular, or any successor thereto, and the Single Audit Act, or any successor thereto) and shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Registered Owner of the Series 2008 A Bonds and shall submit said report to the Government. Such audit report submitted to the Government shall include a statement that the Issuer is in compliance with the terms and provisions of the Act and this Resolution and that the Gross Revenues are adequate to meet the Operating Expenses and debt service and reserve requirements.

Subject to the terms, conditions and provisions of the Letter of Conditions 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 Government and its 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 Government and its 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 Government with respect to the System pursuant to the Act.

Section 7.09. Rates. Prior to issuance of the Series 2008 A Bonds, approvals of equitable rates or charges for the use of and service rendered by the System shall have been obtained in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of

rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reductions 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 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 2008 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2006 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 2008 A Bonds Reserve Account and the Reserve Accounts for obligations on a parity with the Series 2008 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 2008 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2008 A Bonds. In any event, the Issuer shall not reduce the rates or charges for services described in Section 7.04.

Section 7.10. Operating Budget. The Issuer shall annually, at least 30 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 Government within 30 days of the adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by a professional engineer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made, except upon the further certificate of a professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Government and to any Registered Owner of the Series 2008 A Bonds who shall file his address with the Issuer within 30 days of adoption thereof and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Government and any Registered Owner of the Series 2008 A Bonds or anyone acting for and on behalf of such Registered Owner.

Section 7.11. Engineering Services and Operating Personnel. The Issuer will obtain the certificate of the Consulting Engineers, certifying that the Project has been or will be constructed in accordance with the approved plans, specifications and designs as submitted to the Government, the Project will be adequate for the purposes for which it was designed, the funding plan as submitted to the Government is sufficient to pay the costs of the acquisition and construction of the Project, and all permits required by federal and state laws for construction of the Project have been obtained. The Issuer shall provide and maintain competent and adequate engineering services satisfactory to the Government, covering the supervision and inspection of the development and construction of the Project. The Issuer shall employ qualified operating personnel properly certified by the State to operate the System so long as the Series 2008 A Bonds are Outstanding.

Section 7.12. No Competing Franchise. To the extent allowable by law, the Issuer will not grant or cause, consent to or allow the granting of, any franchise or permit to any person, firm, corporation or body, 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 PSC and other laws of the State.

Whenever any fees, rates, rentals or other charges for the services or facilities of the System shall remain unpaid for a period of 20 days after the same shall become due and payable, the user of the services and facilities shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the PSC, fees, 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 of the PSC, discontinue and shut off the services of the System to all delinquent users of the services of the System, and will not restore such services of the 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.

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 the Issuer shall avail itself or themselves of

the facilities or services provided by the System or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer and any such department, agency, instrumentality, officer or employee. Such charges shall be paid as they accrue, and the Issuer shall transfer from its general funds sufficient sums to pay such charges for service to any of its departments or properties. The revenues so received shall be deemed to be revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 7.15. Insurance and Construction Bonds. The Issuer hereby covenants and agrees that, so long as the Series 2008 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:

(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, and immediately upon any portion of the System now in use, on all above-ground insurable portions of the System, including machinery and equipment housed therein, in an amount equal to the full insurable value thereof. In the event of any damage to or destruction of any portion of the System, the Issuer will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the Issuer during construction of the Project in the full insurable value thereof.

(B) Public Liability Insurance, with limits of not less than $1,000,000 for personal liability to protect the Issuer from claims for bodily injury and/or death and not less than $500,000 from claims for damage to property of others which may arise from the operation of the System.

(C) Vehicular Public Liability Insurance, in the event the Issuer owns or operates any vehicle in the operation of the System, or in the event that any vehicle not owned by the Issuer is operated for the benefit of the Issuer, with limits of not less than $1,000,000 for personal liability to protect the Issuer from claims for bodily injury and/or death and not less than $500,000 from claims for damage to property of others which may arise from such operation of vehicles.

(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 Issuer, and such payment bonds will be filed with the Clerk of The County Commission of the County in which such work is to be performed prior to commencement of construction of the Project in compliance with Chapter 38, Article 2, Section 39 of the Code of West Virginia, 1931, as amended.

(E) Fidelity Bonds will be provided as to every member, officer and employee of the Issuer having custody of the Revenue Fund or of any other funds or 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, and initially in the amount required by the Government 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 Issuer if available; however, if the System is located in a community which has been notified as having special flood or mudslide prone areas, flood insurance must be obtained.

(G) Construction Bonds. 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. The Issuer shall verify such insurance prior to commencement of construction.

Section 7.16. Connections. To the extent permitted by the laws of the State and rules and regulations of the PSC, the Issuer shall require every owner, tenant or occupant of any house, dwelling or building intended to be served by the System to connect thereto.

Section 7.17. Completion and Operation 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 PSC and other

state agencies necessary for the acquisition and construction of the Project and the operation of the System and all approvals for the issuance of the Series 2008 A Bonds required by state law, with all requisite appeal periods having expired without successful appeal.

Section 7.18. Statutory Mortgage Lien. For the further protection of the Registered Owners of the Series 2008 A Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, and shall take effect immediately upon delivery of the Series 2008 A Bonds; provided however, that the statutory mortgage lien in favor of the Registered Owners of the Series 2008 A Bonds shall be on a parity with the statutory mortgage lien in favor of the Registered Owners of the Prior Bonds.

Section 7.19. Compliance with Letter of Conditions and Law. The Issuer shall perform, satisfy and comply with all the terms and conditions of the Letter of Conditions, this Bond Legislation and the Act. The Issuer shall also comply with all applicable laws, rules and regulations issued by the Government 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 7.20. Contracts. The Issuer shall, simultaneously with the delivery of the Series 2008 A Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

ARTICLE VIII

INVESTMENT OF FUNDS

Section 8.01. Investment of Funds. 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 or the Depository Bank, 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.

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 owner, 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 bond department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2008 A Bonds are Outstanding.

Notwithstanding the foregoing, any investments made pursuant to this Bond Legislation shall comply with the guidelines of the Government.

ARTICLE IX

DEFAULTS AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2008 A Bonds:

(A) If default occurs in the due and punctual payment of the principal of or interest on any Series 2008 A Bonds; or

(B) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 2008 A Bonds set forth in this Bond Legislation, any Supplemental Resolution or the Series 2008 A Bonds and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Government, the Depository Bank, the Bond Registrar, any Paying Agent or a Registered Owner of a Bond; or

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

(D) If a default occurs under the Prior Ordinances or the Prior Bonds.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of the Series 2008 A Bonds may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and this 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 Series 2008 A 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 Series 2008 A Bonds, and (v) by action at law or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Series 2008 A Bonds, or the rights of such Registered Owners; provided however, that all rights and remedies of the Registered Owners of the Series 2008 A Bonds shall be on a parity with those of the Registered Owners of the Prior Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of the Series 2008 A Bonds may, by proper legal action, compel the performance of the duties of the Issuer under this Bond Legislation and the Act, including, the completion of the Project, 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 the Bonds, the 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 or to complete the acquisition and construction of the Project, or both, 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 any interest thereon and the deposits into the funds and accounts herein provided 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 agents and attorneys, enter into and upon and take possession of all facilities of the System and shall hold, operate and maintain, manage and control the System, 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 the System 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 any 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 Event of Default, any Registered Owner of Bonds issued pursuant to this Bond Legislation 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 herein above conferred upon him, 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 Bonds issued pursuant to this Bond Legislation. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the possession, operation and maintenance of the System, for the sole purpose of the protection of both the Issuer and Registered Owners, and the curing and making good of any default under the provisions of this Bond Legislation, and the title to and ownership of the System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order

or decree permitting or requiring such receiver to sell, mortgage, or otherwise dispose of any assets of the System.

ARTICLE X

PAYMENT OF BONDS

Section 10.01. Payment of Bonds. If the Issuer shall pay, or there shall otherwise be paid, to the Registered Owners of the Series 2008 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 this Bond Legislation and 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 2008 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Except through direct payment of the entire outstanding principal of and all accrued interest on the Series 2008 A Bonds to the Registered Owners thereof, the Issuer may not defease the Series 2008 A Bonds or provide for payment thereof by escrow or other similar arrangements.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Modification or Amendment. Prior to the issuance of the Series 2008 A Bonds, this Bond Legislation may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2008 A Bonds, no material modification or amendment of this Bond Legislation, or of any ordinance or resolution amendatory or supplemental hereto that would materially and adversely affect the rights of Registered Owners of the Series 2008 A Bonds shall be made without the consent in writing of the Registered Owners of the Series 2008 A Bonds 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 2008 A Bonds required for consent to the above-permitted amendments or modifications.

Section 11.02. Resolution Constitutes Contract. The provisions of this Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Series 2008 A Bonds and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Bond Legislation shall be held invalid, such invalidity shall not affect any of the remaining provisions of this Bond Legislation, the Supplemental Resolution and the Series 2008 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; Prior Ordinances. Except for the Prior Ordinances, all orders or resolutions and parts thereof in conflict with the provisions of this Bond Legislation are, to the extent of such conflict, hereby repealed; provided that, in the event of any conflict between the Bond Legislation and the Prior Ordinances, the Prior Ordinances shall control (unless less restrictive), so long as the Prior Bonds are outstanding.

Section 11.06. Covenant of Due Procedure. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Bond Legislation 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 Chairperson, Secretary and members of the Governing Body were at all times when any actions in connection with this Resolution occurred, and are, duly in office and duly qualified for such office.

Section 11.07. Statutory Notice of Public Hearing. Upon adoption hereof, the abstract of this Bond Legislation in the form set forth in Exhibit B attached hereto and incorporated herein by reference, shall be published once a week for 2 successive weeks, with at least 6 full days intervening between each publication, in The Ritchie Gazette, one qualified newspaper of general circulation in the Issuer, together with a notice stating that this Bond Legislation has been adopted and that the Issuer contemplates the issuance of the Series 2008 A Bonds, and that any person interested may appear before the Issuer upon a certain date, not less than 10 days subsequent to the date of the first publication of such abstract of this Bond Legislation and notice, and present protests, and that a certified copy of this Bond Legislation is on file with the Issuer for review by interested persons during office hours of the Issuer. The Governing Body hereby determines that the Abstract contains sufficient information as to give notice of the contents hereof. At such hearing, all objections and suggestions shall be heard and the Issuer shall take such action as it shall deem proper in the premises.

Section 11.08. Effective Date. This Bond Legislation shall take effect immediately following the public hearing and final reading hereof.

First Reading:	October 21, 2008
Second Reading:	October 28, 2008
Public Hearing and Third Reading:	November 12, 2008

Mayor

CERTIFICATION

Certified a true copy of a Bond Ordinance duly adopted by the Council of the Town of Harrisville on the 12th day of November, 2008.

Dated this 18th day of November, 2008.

[SEAL]

Recorder

EXHIBIT A

PROJECT DESCRIPTION

The Project consists of construction and operation of sludge dewatering facilities at its existing wastewater treatment plant in Ritchie County, together with all related appurtenances.

EXHIBIT B

THE TOWN OF HARRISVILLE

NOTICE OF PUBLIC HEARING AND ABSTRACT OF BOND ORDINANCE

Notice is hereby given to any person interested that on October 28, 2008, 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 thereof, not otherwise provided, through the issuance of not more than $450,000 in aggregate principal amount of Water Revenue Bonds, Series 2008 A (United States Department of Agriculture) (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 monthly on such dates, mature on such dates and in such amounts and redeemable, in whole or in part, as prescribed in a supplemental resolution.

3. Directed the continuation of a revenue fund and the disposition of the revenues of the System; provided for the payment of operating expenses of the System and debt service on the Bonds; directed the creation of a sinking fund and a reserve account for the Bonds; directed the creation of a bond construction trust fund and the disbursement of Bond proceeds.

4. Provided that the Bonds shall not be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues of the System; pledged the Net Revenues of the System to payment of the Bonds and established the rights of the registered owners of the Bonds to the Net Revenues of the System; provided certain conditions for the issuance of additional bonds.

5. Provided for insurance coverage on the Project and the System, enforcement of collection of rates and other charges for the System, and other covenants of the Issuer in favor of the registered owners of the Bonds.

6. Established the events of default and the remedies of the registered owners of the Bonds; 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 November 12, 2008, 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.

_____

Recorder

THE TOWN OF HARRISVILLE
SEWER REVENUE BONDS, SERIES 2008 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

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 2008 A (UNITED STATES DEPARTMENT OF AGRICULTURE); DESIGNATING A DEPOSITORY BANK AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Public Council (the "Governing Body") of the Town of Harrisville (the "Issuer") has duly and officially adopted a Bond Ordinance on October 28, 2008, effective November 12, 2008 (the "Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWER FACILITIES OF THE TOWN OF HARRISVILLE AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $450,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2008 A (UNITED STATES DEPARTMENT OF AGRICULTURE); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND THE DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF 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 2008 A (United States Department of Agriculture) of the Issuer, in the aggregate principal amount not to exceed $450,000 (the "Bonds"), in accordance with Chapter 16, Article 13 of the Code of West Virginia, 1931, as amended (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 therein provided for;

WHEREAS, the Bonds are proposed to be purchased by the Government pursuant to the Letter of Conditions; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, 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:

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, one qualified newspaper 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 November 12, 2008, 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.

Pursuant to the Bond Ordinance and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the following bonds of the Issuer:

Section 2. Sewer Revenue Bonds, Series 2008 A (United States Department of Agriculture), of the Issuer, in the original aggregate principal amount of $450,000. The Bonds shall be issued in the form of one Bond, shall be dated the date of delivery, shall mature forty years from the date thereof, shall be numbered AR-1, and the principal amount advanced under the Bonds shall bear interest at the rate of 4.125% per annum. Monthly installments of interest only on the amounts advanced under the Bonds are payable 30 days following the date of delivery of the Bonds and on the corresponding day of each month thereafter for the first 24 months after the date of delivery of the Bonds, and thereafter, monthly installments of principal of and interest on the Bonds, in the aggregate amount of $1,958, are payable on the corresponding day of each month, except that the final installment on the Bonds shall be paid at the end of 40 years from the date of the Bonds in the sum of the unpaid principal and interest due on the date thereof. The Bonds are subject to prepayment as set forth in the Bond Ordinance and the Bonds. All principal and interest payments on the Bonds will be paid by the Issuer directly to the order of the United States of America at its National Finance Office, 1520 Market Street, St. Louis, Missouri 63103.

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 approves and accepts the Letter of Conditions and all amendments thereto, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, approved and directed. 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 West Union Bank, Harrisville, West Virginia, to serve as the Depository Bank under the Bond Ordinance.

Section 6. The proceeds of the Bonds, as advanced from time to time, shall be deposited in the Series 2008 A Bonds Construction Trust Fund for payment of the costs of the Project and the costs of issuance of the Bonds and related costs.

Section 7. 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 Government on or about November 20, 2008.

Section 8. 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 9. 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 2008 A Bonds Reserve Account shall be invested by the Commission in the West Virginia Consolidated Fund.

Section 10. The Issuer hereby approves the costs of issuance and authorizes the payment of the same.

Section 11. The Issuer hereby approves and accepts all contracts relating to the financing, acquisition and construction of the Project and the Mayor is hereby authorized and directed to execute and deliver all such contracts.

Section 12. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 12th day of November, 2008.

Mayor

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the City Council of the Town of Harrisville on the 12th day of November, 2008.

Dated this 20th day of November, 2008.

[SEAL]

Savannah Few

Recorder

USDA
United States Department of Agriculture

Rural Development

West Virginia State Office

1550 Earl Core Road,
Suite 101
Morgantown, WV
26505

Voice 304.284.4860
1.800.295.8228
Fax 304.284.4893

$102,000
TOWN OF HARRISVILLE
SEWER REVENUE BONDS, SERIES 2013 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

$2,072,000
TOWN OF HARRISVILLE
SEWER REVENUE BONDS, SERIES 2013 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

CONSENT TO ISSUANCE OF PARITY BONDS

The undersigned duly authorized representative of the United States of America, acting through the United States Department of Agriculture, Rural Development, Rural Utilities Service, the registered owner of the Prior Bonds, hereinafter defined and described, hereby (i) consents to the issuance of the Sewer Revenue Bonds, (United States Department of Agriculture), Series 2013 A and Series 2013 B (together, the "Series 2013 Bonds"), in the original aggregate principal amount of $2,174,000, by the Town of Harrisville (the "Issuer"), under the terms of the ordinance authorizing the Series 2013 Bonds (the "Ordinance"), on a parity with respect to liens, pledge and source of and security for payment with the Issuer's Sewer Revenue Bonds, Series 1990 (United States Department of Agriculture) dated April 17, 1990, issued in the original principal amount of $618,000, and Sewer Revenue Bonds, Series 2008 A (United States Department of Agriculture) dated November 20, 2008, issued in the original aggregate principal amount of $450,000 (collectively, the "Prior Bonds"); and (ii) consents to any amendments made to the Prior Ordinance by the Ordinance.

WITNESS my signature on this 13th day of December 2013.

UNITED STATES OF AMERICA,
UNITED STATES DEPARTMENT OF
AGRICULTURE, RURAL DEVELOPMENT

David L. Cain
State Director
Acting

USDA is an equal opportunity provider and employer.

If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, found online at http://www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter to us by mail at U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at program.intake@usda.gov.

WEST VIRGINIA
Water Development Authority
Celebrating 37 Years of Service 1974 - 2013

2.18

$102,000
TOWN OF HARRISVILLE
SEWER REVENUE BONDS, SERIES 2013 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

$2,072,000
TOWN OF HARRISVILLE
SEWER REVENUE BONDS, SERIES 2013 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

CONSENT TO ISSUANCE OF PARITY BONDS

In reliance upon a certificate of Bassett & Lowe, CPAs, independent certified public accountants and the opinion of Jackson Kelly PLLC, bond counsel, stating that the coverage and parity requirements have been met (copy attached), the undersigned duly authorized representative of the West Virginia Water Development Authority, the registered owner of the Prior Bonds, hereinafter defined and described, hereby consents to the issuance of the Sewer Revenue Bonds, (United States Department of Agriculture), Series 2013 A and Series 2013 B (together the "Bonds"), in the original aggregate principal amount of $2,174,000, by the Town of Harrisville (the "Issuer"), under the terms of the Ordinance authorizing the Bonds, on a parity as to liens, pledge and source of and security for payment with the Issuer's Sewer Revenue Bonds, Series 2001 A (West Virginia SRF Program), dated April 11, 2001, issued in the original principal amount of $638,000 (the "Prior Bonds").

WITNESS my signature on this 13th day of December 2013.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

Sheila A. Miller
Authorized Representative

1009 Bullitt Street, Charleston, WV 25301
Phone (304) 414-6500 / fax (304) 414-0865
www.wvwda.org

$102,000
TOWN OF HARRISVILLE
SEWER REVENUE BONDS, SERIES 2013 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

$2,072,000
TOWN OF HARRISVILLE
SEWER REVENUE BONDS, SERIES 2013 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

GENERAL CERTIFICATE ON:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS AND BIDDING
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. SIGNATURES AND DELIVERY
6. PUBLIC SERVICE COMMISSION ORDER
7. RATES
8. INCUMBENCY AND OFFICIAL NAME
9. LAND AND RIGHTS-OF-WAY
10. MEETINGS
11. INSURANCE
12. SPECIMEN BONDS
13. BOND PROCEEDS
14. CONFLICTS OF INTEREST
15. VERIFICATION OF SCHEDULE
16. PROCUREMENT OF ENGINEERING SERVICES
17. CLEAN WATER ACT
18. USERS
19. WETLANDS
20. GRANTS
21. COUNTERPARTS

We, the undersigned MAYOR and the undersigned RECORDER of the Town of Harrisville (the "Issuer") and the undersigned ATTORNEY for the Issuer, hereby certify in connection with the Town of Harrisville Sewer Revenue Bonds, Series 2013 A (United States Department Of Agriculture) and Sewer Revenue Bonds, Series 2013 B (United States Department Of Agriculture), (collectively, the "Bonds"), dated the date hereof, 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 adopted by the Issuer on October 15, 2013, effective November 12, 2013, and the Supplemental Resolution duly adopted by the Issuer on December 11, 2013 (together the "Ordinance"), the letters of conditions for the Town of Harrisville Wastewater System Improvement Project from the United States of America, United States Department of Agriculture, Rural Utilities Service (the "Government"), to the Issuer, dated July 31, 2012, and amended by letter dated October 29, 2012 (together, the "Letters of Conditions").

2. NO LITIGATION: No controversy or litigation of any nature is now pending or, to the knowledge of any of the undersigned, threatened, restraining, enjoining or affecting in any manner the authorization, issuance, sale and delivery of the Bonds, the acquisition and construction of the Project, the operation of the System, the collection or use of the revenues of the System, or the pledge and security of the Net Revenues for the Bonds; nor affecting the validity of the Bonds or any provisions made or authorized for the payment thereof; nor questioning the existence of the Issuer or the title of members or officers of the Issuer or the Board thereof to their respective offices; nor questioning any proceedings of the Issuer taken with respect to the authorization, issuance, sale or delivery of the Bonds, the acquisition and construction of the Project the operation of the System, the collection or use of the revenues of the System, or the pledge and security of the Net Revenues for the Bonds.

3. GOVERNMENTAL APPROVALS AND BIDDING: All applicable approvals, permits, exemptions, consents, authorizations, registrations, licenses, orders and certificates required by law for the creation and existence of the Issuer, the acquisition and construction of the Project, the operation of the System, the imposition of rates and charges and the issuance of the Bonds have been duly and timely obtained and remain in full force and effect. Competitive bids for the acquisition and construction of the Project have been solicited by the Issuer 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 of the Letters of Conditions. The Issuer has met all conditions set forth in the Letters of Conditions and will provide the financial, institutional, legal and managerial capabilities necessary to complete and operate the Project.

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 for each series, dated the date hereof, by his manual signature; the undersigned Recorder did officially cause the seal of the Issuer to be affixed upon the Bonds and to be attested by her manual signature; the Registrar did officially authenticate and deliver the Bonds to a representative of the Government as the original purchaser of such Bonds.

6. PUBLIC SERVICE COMMISSION ORDER: The Issuer has received the final order of the Public Service Commission of West Virginia (the "PSC") entered on October 23, 2013, Case No. 13-0509-S-CN granting to the Issuer a certificate of public convenience and necessity for the Project and approving the rates for the System and 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. Such order remains in full force and effect.

7. RATES: The rates for the System, as approved July 9, 2013 will become effective on or after the date of substantial completion of the Project.

8. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is the "Town of Harrisville", and it is a municipal corporation organized and existing under the laws of, and a public corporation and political subdivision of, the State of West Virginia in Ritchie County of said State. The governing body of the Issuer is its Council, consisting of five members, the Mayor and the Recorder, whose names and dates of commencement and termination of their current terms are as follows:

Name	Date of Commencement of Office	Date of Termination of Office
Alan R. Haught, Mayor	July 1, 2013	June 30, 2015
Ronda K. White, Recorder	July 1, 2013	June 30, 2015
Paul Beall, Council Member	July 1, 2013	June 30, 2015
Richard D. Kerns, Council Member	July 1, 2013	June 30, 2015
David L. Lamm, Council Member	July 1, 2013	June 30, 2015
Jeffrey L. Hardman, Council Member	July 1, 2013	June 30, 2015
Barbara A. Lowther, Council Member	July 1, 2013	June 30, 2015

The duly appointed and acting attorney for the Issuer is Ira M. Haught, Esquire, of Harrisville, West Virginia.

The names of the duly appointed, qualified and acting members of the Sanitary Board of the Issuer are as follows:

Alan R. Haught
Ronald Nutt

The Issuer shall act diligently to appoint the Professional Engineer Member of the Sanitary Board.

9. LAND AND RIGHTS-OF-WAY: All land, rights-of-way and easements necessary for the acquisition and construction of the Project and the operation and maintenance of the System have been acquired or can and will be acquired by purchase or, if necessary, by condemnation by the Issuer and are adequate for such purposes and are not or will not be subject to any liens, encumbrances, reservations or exceptions that would adversely affect or interfere in any way with the use thereof for such purposes. The costs thereof, including costs of any properties that may have to be acquired by condemnation, are, in the opinion of all the undersigned, within the ability of the Issuer to pay for the same without jeopardizing the security of or payments on the Bonds.

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

11. INSURANCE: The Issuer will maintain or, as appropriate, will require all contractors to maintain workers' compensation, public liability and property damage insurance, standard hazard insurance, builder's risk insurance, flood insurance and business interruption insurance, where applicable, in accordance with the Ordinance and the Letters of Conditions. All insurance for the System required by the Ordinance and the Letters of Conditions is in full force and effect.

12. SPECIMEN BOND: Attached hereto as Exhibit A are specimens of the Bonds which, except as to execution and authentication, are identical in all respects with the Bonds this day delivered to the Government and being substantially in the form prescribed in the Ordinance.

13. BOND PROCEEDS: On the date hereof, the Issuer received $539,321.14 from the Government.

14. CONFLICTS OF INTEREST: No member, officer or employee of the Issuer has a substantial financial interest, direct, indirect or by reason of ownership of stock in any corporation, in any contract with the Issuer or 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.

15. VERIFICATION OF SCHEDULE: The final amended Schedules A and B attached to the Certificate of Consulting Engineer, with the signatures 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 the Bonds.

16. PROCUREMENT OF ENGINEERING SERVICES: The Issuer has complied with all requirements of Chapter 5G, Article 1, *et seq.*, of the Code of West Virginia, 1931, as amended, in the procurement of the engineering services of the Consulting Engineer.

17. CLEAN WATER ACT: The Project as described in the Ordinance complies with Sections 208 and 303(e) of the Clear Water Act.

18. USERS: The Issuer will serve at least 832 bona fide users upon the completion of the Project, in full compliance with the Letters of Conditions.

19. WETLANDS COVENANT: The Issuer hereby certifies that it will not use any proceeds of the Bonds for a purpose that will contribute to excessive erosion of highly erodible lands or to the conversion of wetlands to produce an agricultural commodity.

20. GRANTS: As of the date hereof, the grant from the Government in the amount of approximately $1,343,000 is committed for the Project and remains in full force and effect.

21. COUNTERPARTS: This Certificate may be executed in counterparts and all counterparts shall be deemed to be the Certificate.

[The remainder of this page is intentionally left blank.]

WITNESS our signatures and the official corporate seal of the Town of Harrisville on this 13th day of December 2013.

[SEAL]

Signature	Official Title
_____	Mayor
_____	Recorder
_____	Attorney

EXHIBIT A

See Specimen Bonds (Tab No. 19)

$102,000
TOWN OF HARRISVILLE
SEWER REVENUE BONDS, SERIES 2013 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

$2,072,000
TOWN OF HARRISVILLE
SEWER REVENUE BONDS, SERIES 2013 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

CERTIFICATE OF RECORDER
AS TO TRUTH AND ACCURACY OF DOCUMENTS DELIVERED

On this 13th day of December 2013, the undersigned duly elected Recorder of the Town of Harrisville (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 2013 A (United States Department of Agriculture) and Sewer Revenue Bonds, Series 2013 B (United States Department of Agriculture), are, as of the date hereof, true and accurate copies of the originals of those documents maintained on file with the Issuer and delivered in the transcript of proceedings, that said documents have been duly adopted or approved by the Town Council (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 the 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. USDA Letters of Conditions, Closing Letter and Loan Resolution.

9. Minutes of Council Meeting regarding Adoption of USDA Loan Resolution.

10. Bond Ordinance.

11. Rate Ordinance.

12. Minutes of Council Meetings regarding All Readings and Public Hearing of the Rate Ordinance.

13. Affidavit of Publication of the Rate Ordinance and Notice of Public Hearing.

14. Supplemental Resolution.

15. Minutes of Council Meeting regarding All Readings and Public Hearing of the Bond Ordinance and the Adoption of the Supplemental Resolution.

16. Affidavits of Publication of the Notice of Public Hearing and Abstract of Bond Ordinance.

17. USDA Consent to Issuance of Bonds.

18. WDA Consent to Issuance of Bonds.

19. 1990 Bond Ordinance and Supplemental Resolution.

20. 2001 Bond Ordinance and Supplemental Resolution.

21. 2008 Bond Ordinance and Supplemental Resolution.

22. NPDES Permit.

23. Evidence of Insurance.

WITNESS my signature and the official seal of the Issuer as of the date first written above.

TOWN OF HARRISVILLE

Ronda K White

[SEAL] Recorder

$102,000
TOWN OF HARRISVILLE
SEWER REVENUE BONDS, SERIES 2013 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

$2,072,000
TOWN OF HARRISVILLE
SEWER REVENUE BONDS, SERIES 2013 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

CERTIFICATE OF CONSULTING ENGINEER

On this 13th day of December, 2013, I, Dominick P. Cerrone, Registered Professional Engineer, West Virginia License No. 14750, of Cerrone Associates, Inc., Wheeling, West Virginia, hereby certify as follows:

1. My firm is engineer for the acquisition and construction of certain improvements and extensions (the "Project") to the existing public sewer facilities (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 in part by the above-captioned bonds (collectively, 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 adopted by the Issuer on October 15, 2013, effective November 12, 2013 (as supplemented, the "Ordinance") and the Letter of Conditions dated July 31, 2012, and amended October 29, 2012, (the "Letters of Conditions"), from the United States of America, United States Department of Agriculture, Rural Utilities Service (the "Government").

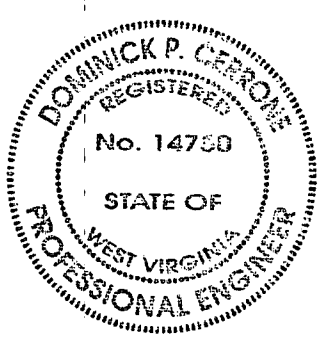
2. The Bonds are being issued for the purposes of (i) paying a portion of the costs of acquisition and construction of the Project; and (ii) paying costs of issuance and related costs.

3. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by the Government, and any change orders approved by the Issuer, the Government and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and will have a useful life of at least 40 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 Letters of Conditions, and in reliance upon the opinion of the Issuer's counsel, Ira M. Haught, Esquire, dated the date hereof, all successful bidders have made required provisions for all insurance and payment and performance bonds and such insurance policies or binders and such bonds have been verified for accuracy; (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 Government 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 the operation of the System; (ix) in reliance upon the certificate of the Issuer's certified public accountant, Bassett & Lowe, CPAs, dated the date hereof, as of the effective date thereof, the rates and charges for the System as approved by the Public Service Commission of West Virginia and adopted by the Issuer will be sufficient to comply with the provisions of the Ordinance; and (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 irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by the Government.

4. The Project will serve 832 customers in the Harrisville area.

WITNESS my signature and seal as of the date first written above.

[SEAL]



CERRONE ASSOCIATES, INC.

Dominick P. Cerrone, P.E.
West Virginia License No. 14750

BASSETT & LOWE
CERTIFIED PUBLIC ACCOUNTANTS
1156 SOUTH MAIN STREET
MILTON, WEST VIRGINIA 25541
Phone: (304) 743-5573 FAX: (304) 743-1150

December 13, 2013

$102,000
TOWN OF HARRISVILLE
SEWER REVENUE BONDS, SERIES 2013 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

$2,072,000
TOWN OF HARRISVILLE
SEWER REVENUE BONDS, SERIES 2013 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

Town of Harrisville
Harrisville, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

United States Department of Agriculture
Rural Utilities Service
Parkersburg, West Virginia

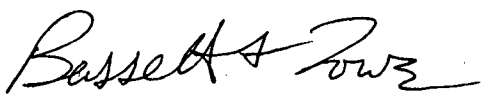
Ladies and Gentlemen:

We have reviewed the sewer rates of the Town of Harrisville (the "Issuer"), enacted by the Issuer on July 9, 2013, the projected operating expenses and the anticipated customer usage provided by Cerrone Associates, Inc., the consulting engineer of the Issuer. It is our opinion, based upon the Rule 42 prepared by Cerrone Associates, Inc. and the conclusions of the Public Service Commission of West Virginia in Case No. 13-0509-S-CN, that such rates are sufficient (i) to provide for all operating expenses of the sewer facilities of the Issuer (the "System"), and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for the payment of principal of and interest on above-referenced bonds (collectively, the "Series 2013 Bonds") and the Issuer's Sewer Revenue Bonds, Series 1990 (United States Department

of Agriculture) (the "Series 1990 Bonds"), Sewer Revenue Bonds, Series 2001 A (West Virginia SRF Program) (the "Series 2001 A Bonds") and Sewer Revenue Bonds, Series 2008 A (United States Department of Agriculture) (the "Series 2008 A Bonds," and collectively with the Series 1990 Bonds and the Series 2001 A Bonds, the "Prior Bonds").

It is further our opinion that, based upon the Rule 42 prepared by Cerrone Associates, Inc. and the conclusions of the Public Service Commission of West Virginia in Case No. 13-0509-S-CN, (i) the Net Revenues for the fiscal year following the year in which the Series 2013 Bonds are to be issued will be at least 120% of the average annual debt service requirements on the Prior Bonds and the Series 2013 Bonds; and (ii) the Net Revenues actually derived from the System during any 12 consecutive months within the 18 months immediately preceding the date of the actual issuance of the Series 2013 Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by the Series 2013 Bonds, will not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding fiscal year for principal of and interest on the Prior Bonds and the Series 2013 Bonds.

Very truly yours,



BASSETTE & LOWE, CPAs

$102,000
TOWN OF HARRISVILLE
SEWER REVENUE BONDS, SERIES 2013 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

$2,072,000
TOWN OF HARRISVILLE
SEWER REVENUE BONDS, SERIES 2013 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

CERTIFICATE OF NO LITIGATION

The undersigned hereby certifies that as of the date hereof, no controversy or litigation of any nature is now pending or threatened, restraining, enjoining or affecting in any manner the authorization, issuance, sale or delivery of the above-captioned Bonds (the "Bonds"), the acquisition and construction of the Project, the operation of the System, the receipt of the Gross Revenues, or in any way contesting or affecting the validity of the Bonds or any proceeds of the Town of Harrisville (the "Issuer") taken with respect to the authorization, issuance, sale or delivery of the Bonds, the pledge or application of the Net Revenues or any other moneys or security provided for the payment of the Bonds or the existence or the powers of the Issuer insofar as they relate to the authorization, issuance, sale or delivery of the Bonds, the acquisition and construction of the Project, the operation of the System, the collection of the Gross Revenues or the pledge of the Net Revenues or the pledge of the Net Revenues for payment of the Bonds.

All capitalized terms used herein shall have the same meaning set forth in the Bond Ordinance, authorizing the Bonds, duly adopted by the Issuer on October 15, 2013, effective November 12, 2013.

WITNESS my signature on this 13th day of December 2013.

Ira M. Haught, Esquire
Attorney for the Town of Harrisville

$102,000
TOWN OF HARRISVILLE
SEWER REVENUE BONDS, SERIES 2013 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

$2,072,000
TOWN OF HARRISVILLE
SEWER REVENUE BONDS, SERIES 2013 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

RECEIPT FOR BONDS

The undersigned authorized representative of the United States of America, United States Department of Agriculture, Rural Utilities Service (the "Government"), for and on behalf of the Government, hereby certifies as follows:

1. On the 13th day of December, 2013, the undersigned received for and on behalf of the Government, the Sewer Revenue Bonds, Series 2013 A (United States Department of Agriculture), (the "2013 A Bonds"), of the Town of Harrisville (the "Issuer"), dated December 13, 2013, issued in the form of one bond in the principal amount of $102,000, and numbered AR-1. The 2013 A Bonds bear interest at the rate of 2.75% per annum, payable in monthly installments on the amounts advanced thereunder, commencing 30 days following the date of delivery of the 2013 A Bonds and continuing on the corresponding day of each month for the first 24 months after the date of the 2013 A Bonds, and thereafter, on the corresponding day of each month in installments of principal and interest on the 2013 A Bonds in the aggregate amount of $362, except that the final installment on the 2013 A Bonds shall be paid at the end of 40 years from the date of the 2013 A Bonds in the sum of the unpaid principal and interest due on the date thereof. The 2013 A Bonds represent the entire principal amount of the above-captioned bond issue.

2. On the 13th day of December, 2013, the undersigned received for and on behalf of the Government, the Sewer Revenue Bonds, Series 2013 B (United States Department of Agriculture), (the "2013 B Bonds"), of the Town of Harrisville (the "Issuer"), dated December 13, 2013, issued in the form of one bond in the principal amount of $2,072,000, and numbered BR-1. The 2013 B Bonds bear interest at the rate of 2.50% per annum, payable in monthly installments on the amounts advanced thereunder, commencing 30 days following the date of delivery of the 2013 B Bonds and continuing on the corresponding day of each month for the first 24 months after the date of the 2013 B Bonds, and thereafter, on the corresponding day of each month in installments of principal and interest on the 2013 B Bonds in the aggregate amount of

$7,045, except that the final installment on the 2013 B Bonds shall be paid at the end of 40 years from the date of the 2013 B Bonds in the sum of the unpaid principal and interest due on the date thereof. The 2013 B Bonds represent the entire principal amount of the above-captioned bond issue.

3. At the time of such receipt of the Series 2013 A Bonds and the Series 2013 B 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 13th day of December 2013.

UNITED STATES OF AMERICA,
UNITED STATES DEPARTMENT OF
AGRICULTURE, RURAL UTILITIES SERVICE

Virginia McDonald
Authorized Representative

$102,000
TOWN OF HARRISVILLE
SEWER REVENUE BONDS, SERIES 2013 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

$2,072,000
TOWN OF HARRISVILLE
SEWER REVENUE BONDS, SERIES 2013 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

RECEIPT FOR BOND PROCEEDS

The undersigned Mayor of the Town of Harrisville (the "Issuer"), for and on behalf of Issuer hereby certifies as follows:

On the 13th day of December, 2013, the Issuer received and hereby acknowledges receipt from the United States of America, United States Department of Agriculture, Rural Utilities Service (the "Government"), the sum of $102,000, being the first advance on the $102,000 Town of Harrisville Sewer Revenue Bonds, Series 2013 A (United States Department of Agriculture) and the sum of $437,321.47, being the first advance on the $2,072,000 Town of Harrisville Sewer Revenue Bonds, Series 2013 B (United States Department of Agriculture), dated December 13, 2013 (collectively, the "Bonds"). The Issuer understands that the remaining proceeds of the Bonds will be advanced to the Issuer by the Government from time to time as construction progresses.

WITNESS my signature on this 13th day of December 2013.

TOWN OF HARRISVILLE

Mayor

$102,000
TOWN OF HARRISVILLE
SEWER REVENUE BONDS, SERIES 2013 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

$2,072,000
TOWN OF HARRISVILLE
SEWER REVENUE BONDS, SERIES 2013 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

West Union Bank, Harrisville, West Virginia, hereby accepts appointment as Depository Bank for the Revenue Fund and Series 2013 Bonds Construction Trust Fund in connection with a Bond Ordinance adopted October 15, 2013, effective November 12, 2013, and a Supplemental Resolution adopted by the Town of Harrisville (the "Issuer") on December 11, 2013 (together, the "Ordinance"), authorizing issuance of the Issuer's Sewer Revenue Bonds, Series 2013 A (United States Department of Agriculture) in the amount of $102,000 and Sewer Revenue Bonds, Series 2013 B (United States Department of Agriculture) in the amount of $2,072,000, dated December 13, 2013, and agrees to serve as Depository Bank for the Revenue Fund and Series 2013 Bonds Construction Trust Fund, as set forth in the Ordinance.

WITNESS my signature on this 13th day of December 2013.

WEST UNION BANK

Robin E. Travis, COO
Authorized Officer

WEST VIRGINIA MUNICIPAL BOND COMMISSION 3.9(A)

NEW ISSUE REPORT FORM

900 Pennsylvania Avenue, Suite 1117, Charleston, WV 25302 Date of Report: December 13, 2013

(304) 558-3971

ISSUE: Town of HarrisvilleSewer Revenue Bonds, Series 2013A(United States Department of Agriculture)

ADDRESS: 1501 East Main Street, P.O. Box 243, Harrisville, WV 26362-0243 COUNTY: Ritchie

PURPOSE OF ISSUE: New Money _X_ Refunding Refunds issue(s) dated:

ISSUE DATE: December 13, 2013 CLOSING DATE: December 13, 2013

ISSUE AMOUNT: $102,000 RATE: 2.75%

1st DEBT SERVICE DUE: N/A 1st PRINCIPAL DUE: N/A

1st DEBT SERVICE AMOUNT: $ N/A PAYING AGENT: None (District pays USDA directly)

BOND COUNSEL: Jackson Kelly PLLC UNDERWRITERS COUNSEL: _____
Contact Person: Samme L. Gee, Esquire Contact Person: _____
Phone: (304) 340-1318 Phone: _____

CLOSING BANK: West Union Bank ESCROW TRUSTEE:
Contact Person: Mari Keller Contact Person:
Phone: (304) 643-2265 Phone:

KNOWLEDGEABLE ISSUER CONTACT: OTHER: USDA, Rural Utilities Service
Contact Person: Ronda White Contact Person: Virginia McDonald
Position: Recorder Function: Area Specialist
Phone: (304) 643-2719 Phone: (304) 372-6231 ext. 4
E-Mail: tohwv@zoominternet.net

DEPOSITS TO MBC AT CLOSE: Accrued Interest: $
Capitalized Interest: $
By Wire Reserve Account: $
Check Other: $

REFUNDS & TRANSFERS BY MBC AT CLOSE:
By Wire To Escrow Trustee: $
Check To Issuer: $
IGT To Cons.Invest.Fund $
To Other: $

NOTES: **Series 2013 A Bonds Reserve Account only set up with MBC. Debt service payments will be made directly by District to USDA.**

FOR MUNICIPAL BOND COMMISSION USE ONLY:
Documents Required:
Transfers Required:

WEST VIRGINIA MUNICIPAL BOND COMMISSION 3.9(B)
NEW ISSUE REPORT FORM
900 Pennsylvania Avenue, Suite 1117, Charleston, WV 25302 Date of Report: December 13, 2013
(304) 558-3971

ISSUE:Town of HarrisvilleSewer Revenue Bonds, Series 2013B(United States Department of Agriculture)

ADDRESS:1501 East Main Street, P.O. Box 243, Harrisville, WV 26362-0243 COUNTY:Ritchie

PURPOSE OF ISSUE: New Money _X_ Refunding Refunds issue(s) dated:

ISSUE DATE: December 13, 2013 CLOSING DATE: December 13, 2013

ISSUE AMOUNT: $2,072,000 RATE: 2.50%

1st DEBT SERVICE DUE: N/A 1st PRINCIPAL DUE: N/A

1st DEBT SERVICE AMOUNT: $ N/A PAYING AGENT: None (District pays USDA directly)

BOND COUNSEL: Jackson Kelly PLLC UNDERWRITERS COUNSEL:
Contact Person: Samme L. Gee, Esquire Contact Person:
Phone: (304) 340-1318 Phone:

CLOSING BANK: West Union Bank ESCROW TRUSTEE:
Contact Person: Mari Keller Contact Person:
Phone: (304) 643-2265 Phone:

KNOWLEDGEABLE ISSUER CONTACT: OTHER: USDA, Rural Utilities Service
Contact Person: Ronda White Contact Person: Virginia McDonald
Position: Recorder Function: Area Specialist
Phone: (304) 643-2719 Phone: (304) 372-6231 ext. 4
E-Mail: tohwv@zoominternet.net

DEPOSITS TO MBC AT CLOSE: Accrued Interest: $
Capitalized Interest: $
By Wire Reserve Account: $
Check Other: $

REFUNDS & TRANSFERS BY MBC AT CLOSE:
By Wire To Escrow Trustee: $
Check To Issuer: $
IGT To Cons.Invest.Fund $
To Other: $

NOTES: **Series 2013B Bonds Reserve Account only set up with MBC. Debt service payments will be made directly by District to USDA.**

FOR MUNICIPAL BOND COMMISSION USE ONLY:
Documents Required:
Transfers Required:

STATE OF WEST VIRGINIA
DEPARTMENT OF ENVIRONMENTAL PROTECTION
DIVISION OF WATER AND WASTE MANAGEMENT
601 57th STREET SE
CHARLESTON, WV 25304-2345
GENERAL
NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM
WATER POLLUTION CONTROL PERMIT

Permit No. WV0115924

Issue Date: November 5, 2007
Effective Date: December 5, 2007
Expiration Date: December 4, 2012

Subject: Stormwater Associated With Construction Activities

To Whom It May Concern:

This is to certify that [illegible] (construction activities are land disturbing operations such as grubbing, grading, filling and excavation operations during site development for residential, commercial or industrial purposes) and agreeing to be regulated under the terms of this general permit, except for;

1. Operations that result in the disturbance of less than one acre of total land area, which are not part of a larger common plan of development or sale.

2. Stormwater discharges associated with land disturbing activities that may reasonably be expected to be causing or contributing to a violation of a water quality standard as determined by the Director.

3. Land disturbing activities already governed by other Department of Environmental Protection NPDES permits. This includes Division of Mining and Reclamation permits for coal mining and non-metallic quarries.

4. Landfills, except in the preparation of a new landfill and/or clay borrow areas.

5. Other activities exempt from NPDES permitting requirements as set forth in 40CFR 122.3(e) and 47CSR 10-3.2.b.4 (NPDES Program).

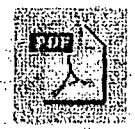
6. Land disturbing activities related to oil and gas activities as required by the Energy Policy Act of 2005. These activities include but are not limited to construction of drilling sites, waste management pits, and access roads, as

YAHOO! MAIL Classic

Approval for WVR105758, Sewer System Improvements, Ritch Co., 5 Acres

Tuesday, January 24, 2012 3:37 PM

From: "DEP NPDESEP" <DEP.NPDESEP@wv.gov>
To: "DEP NPDESEP" <DEP.NPDESEP@wv.gov>, hmayor26362@yahoo.com
Cc: dpcerrone@cerrone1.com, "Hodge, Timothy W" <Timothy.W.Hodge@wv.gov>, "Swiger, Bradley C" <Bradley.C.Swiger@wv.gov>, "Ammons, Donna J" <Donna.J.Ammons@wv.gov>
2 Files (1704KB)



EP 14151...

NOT 144...

Honorable Alan A. Haught
Town Of Harrisville
PO Box 243
Harrisville, WV 26362
304-643-2719

Physical Site Location: Co. Rt. 16, Harrisville

Please be advised that this e-mail constitutes approval for your construction activity and your registration no. is WVR105758. You are now authorized to operate under WV/NPDES General Water Pollution Control Permit No. WV0115924, issued on November 5, 2007, copy attached.

You should carefully read the contents of this General Permit and become familiar with all requirements needed to remain in compliance with your permit. We've also attached a "Notice of Termination" form to be completed and submitted when all disturbed areas are stabilized. You can find the permit and Notice of Termination form via the Internet by visiting Permitting, Division of Water and Waste Management at www.wvdep.gov . Your annual permit fee has been assessed as $250.00. You will be invoiced by this agency upon the anniversary date of this approval date. Failure to submit the annual fee within ninety (90) days of the due date will render your permit void upon the date you are mailed a certified written notice to that effect. Please be advised that a pro-rated annual permit fee may be assessed upon the completion date and proper stabilization.

Scott G. Mandirola, Director
WV DEP-Division of Water & Waste Mgt.
601 57th St. SE
Charleston, WV 25304-2345
Phone: (304) 926-0495
Fax: (304) 926-0496

17 SEP 2012

COPY

Approved OMB.No. 0572-0121

RUS Bulletin 1780-12

WATER OR WASTE SYSTEM GRANT AGREEMENT
UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL UTILITIES SERVICE

THIS AGREEMENT dated 12/13/13 between

Town of Harrisville

a public corporation organized and operating under

Chapter 16 Article 13, West Virginia
(Authorizing Statute)

herein called "Grantee," and the United States of America acting through the Rural Utilities Service, Department of Agriculture, herein called "Grantor," WITNESSETH:

WHEREAS

Grantee has determined to undertake a project of acquisition, construction, enlargement, or capital improvement of a (water) (waste) system to serve the area under jurisdiction at an estimated cost of **$3,517,000** and has duly authorized the undertaking of such project.

Grantee is able to finance not more than **$2,174,000** of the development cost through revenues, charges, taxes or assessments, or funds otherwise available to Grantee resulting in a reasonable user charge.

Said sum of **$2,174,000** has been committed to and by Grantee for such project development costs.

Grantor has agreed to grant the Grantee a sum not to exceed **$1,343,000** or **38.19%** percent of said development costs, whichever is the lesser, subject to the terms and conditions established by the Grantor. Provided, however, that the proportionate share of any grant funds actually advanced and not needed for grant purposes shall be returned immediately to the Grantor. The Grantor may terminate the grant in whole, or in part, at any time before the date of completion, whenever it is determined that the Grantee has failed to comply with the conditions of the grant.

As a condition of this grant agreement, the Grantee assures and certifies that it is in compliance with and will comply in the course of the agreement with all applicable laws, regulations, Executive orders and other generally applicable requirements, including those set out in 7 CFR 3015.205(b), which hereby are incorporated into this agreement by reference, and such other statutory provisions as are specifically set forth herein.

NOW, THEREFORE, In consideration of said grant by Grantor to Grantee, to be made pursuant to

Section 306 (a) of the Consolidated Farm and Rural Development Act the purpose only of defraying a part not to exceed **38.19%** percent of the development costs, as defined by applicable Rural Utilities Service Instructions. GRANTEE AGREES THAT GRANTEE WILL:

A. Cause said project to be constructed within the total sums available to it, including said grant, in accordance with the project plans and specifications and any modifications thereof prepared by Grantee and approved by Grantor.

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0121. The time required to complete this information collection is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

B. Permit periodic inspection of the construction by a representative of Grantor during construction.

C. Manage, operate and maintain the system, including this project if less than the whole of said system, continuously in an efficient and economical manner.

D. Make the services of said system available within its capacity to all persons in Grantee's service area without discrimination as to race, color, religion, sex, national origin, age, marital status, or physical or mental handicap (possess capacity to enter into legal contract for services) at reasonable charges, including assessments, taxes, or fees in accordance with a schedule of such charges, whether for one or more classes of service, adopted by ~~resolution dated~~ ordinance, as may be modified from time to time by Grantee. The initial rate schedule must be approved by Grantor. Thereafter, Grantee may make such modifications to the rate system as long as the rate schedule remains reasonable and nondiscriminatory.

E. Adjust its operating costs and service charges from time to time to provide for adequate operation and maintenance, emergency repair reserves, obsolescence reserves, debt service and debt service reserves.

F. Expand its system from time to time to meet reasonably anticipated growth or service requirements in the area within its jurisdiction.

G. Provide Grantor with such periodic reports as it may require and permit periodic inspection of its operations by a representative of the Grantor.

H. To execute any agreements required by Grantor which Grantee is legally authorized to execute. If any such agreement has been executed by Grantee as a result of a loan being made to Grantee by Grantor contemporaneously with the making of this grant, another agreement of the same type need not be executed in connection with this grant.

I. Upon any default under its representations or agreements set forth in this instrument, Grantee, at the option and demand of Grantor, will repay to Grantor forthwith the original principal amount of the grant stated herein above with the interest at the rate of 5 percentum per annum from the date of the default. Default by the Grantee will constitute termination of the grant thereby causing cancellation of Federal assistance under the grant. The provisions of this Grant Agreement may be enforced by Grantor, at its option and without regard to prior waivers by it previous defaults of Grantee, by judicial proceedings to require specific performance of the terms of this Grant Agreement or by such other proceedings in law or equity, in either Federal or State courts, as may be deemed necessary by Grantor to assure compliance with the provisions of this Grant Agreement and the laws and regulations under which this grant is made.

J. Return immediately to Grantor, as required by the regulations of Grantor, any grant funds actually advanced and not needed by Grantee for approved purposes.

K. Use the real property including land, land improvements, structures, and appurtenances thereto, for authorized purposes of the grant as long as needed.

1. Title to real property shall vest in the recipient subject to the condition that the Grantee shall use the real property for the authorized purpose of the original grant as long as needed.

2. The Grantee shall obtain approval by the Grantor agency for the use of the real property in other projects when the Grantee determines that the property is no longer needed for the original grant purposes. Use in other projects shall be limited to those under other Federal grant programs or programs that have purposes consistent with those authorized for support by the Grantor.

3. When the real property is no longer needed as provided in 1 and 2 above, the Grantee shall request disposition instructions from the Grantor agency or its successor Federal agency. The Grantor agency shall observe the following rules in the disposition instructions:

(a) The Grantee may be permitted to retain title after it compensates the Federal Government in an amount computed by applying the Federal percentage of participation in the cost of the original project to the fair market value of the property.

(b) The Grantee may be directed to sell the property under guidelines provided by the Grantor agency. When the Grantee is authorized or required to sell the property, proper sales procedures shall be established that provide for competition to the extent practicable and result in the highest possible return. ***[Revision 1, 04/17/1998]***

(c) The Grantee may be directed to transfer title to the property to the Federal Government provided that in such cases the Grantee shall be entitled to compensation computed by applying the Grantee's percentage of participation in the cost of the program or project to the current fair market value of the property.

This Grant Agreement covers the following described real property (use continuation sheets as necessary).

All real property associated with the Town of Harrisville's wastewater treatment and collection system.

L. Abide by the following conditions pertaining to equipment which is furnished by the Grantor or acquired wholly or in part with grant funds. Equipment means tangible, non-expendable, personal property having a useful life of more than one year and an acquisition cost of $5,000 or more per unit. A grantee may use its own definition of equipment provided that such definition would at least include all equipment defined above.
[Revision 1, 04/17/1998]

1. Use of equipment.

(a) The Grantee shall use the equipment in the project for which it was acquired as long as needed. When no longer needed for the original project, the Grantee shall use the equipment in connection with its other Federally sponsored activities, if any, in the following order of priority:

(1) Activities sponsored by the Grantor.

(2) Activities sponsored by other Federal agencies.

(b) During the time that equipment is held for use on the property for which it was acquired, the Grantee shall make it available for use on other projects if such other use will not interfere with the work on the project for which the equipment was originally acquired. First preference for such other use shall be given to Grantor sponsored projects. Second preference will be given to other Federally sponsored projects.

2. Disposition of equipment. When the Grantee no longer needs the equipment as provided in paragraph (a) above, the equipment may be used for other activities in accordance with the following standards:

(a) Equipment with a current per unit fair market value of less than $5,000. The Grantee may use the equipment for other activities without reimbursement to the Federal Government or sell the equipment and retain the proceeds.

(b) Equipment with a current per unit fair market value of $5,000 or more. The Grantee may retain the equipment for other uses provided that compensation is made to the original Grantor agency or its successor. The amount of compensation shall be computed by applying the percentage of Federal participation in the cost of the original project or program to the current fair market value or proceeds from sale of the equipment. If the Grantee has no need for the equipment and the equipment has further use value, the Grantee shall request disposition instructions from the original Grantor agency.

The Grantor agency shall determine whether the equipment can be used to meet the agency's requirements. If no requirement exists within that agency, the availability of the equipment shall be reported, in accordance with the guidelines of the Federal Property Management Regulations (FPMR), to the General Services Administration by the Grantor agency to determine whether a requirement for the equipment exists in other Federal agencies. The Grantor agency shall issue instructions to the Grantee no later than 120 days after the Grantee requests and the following procedures shall govern:

(1) If so instructed or if disposition instructions are not issued within 120 calendar days after the Grantee's request, the Grantee shall sell the equipment and reimburse the Grantor agency an amount computed by applying to the sales proceeds the percentage of Federal participation in the cost of the original project or program. However, the Grantee shall be permitted to deduct and retain from the Federal share ten percent of the proceeds for Grantee's selling and handling expenses.

(2) If the Grantee is instructed to ship the equipment elsewhere the Grantee shall be reimbursed by the benefiting Federal agency with an amount which is computed by applying the percentage of the Grantee participation in the cost of the original grant project or program to the current fair market value of the equipment, plus any reasonable shipping or interim storage costs incurred.

(3) If the Grantee is instructed to otherwise dispose of the equipment, the Grantee shall be reimbursed by the Grantor agency for such costs incurred in its disposition.

3. The Grantee's property management standards for equipment shall also include:

(a) Records which accurately provide for: a description of the equipment; manufacturer's serial number or other identification number; acquisition date and cost; source of the equipment; percentage (at the end of budget year) of Federal participation in the cost of the project for which the equipment was acquired; location, use and condition of the equipment and the date the information was reported; and ultimate disposition data including sales price or the method used to determine current fair market value if the Grantee reimburses the Grantor for its share.

(b) A physical inventory of equipment shall be taken and the results reconciled with the equipment records at least once every two years to verify the existence, current utilization, and continued need for the equipment.

(c) A control system shall be in effect to insure adequate safeguards to prevent loss, damage, or theft of the equipment. Any loss, damage, or theft of equipment shall be investigated and fully documented.

(d) Adequate maintenance procedures shall be implemented to keep the equipment in good condition.

(e) Proper sales procedures shall be established for unneeded equipment which would provide for competition to the extent practicable and result in the highest possible return.

This Grant Agreement covers the following described equipment(use continuation sheets as necessary).

None

M. Provide Financial Management Systems which will include:

1. Accurate, current, and complete disclosure of the financial results of each grant. Financial reporting will be on an accrual basis.

2. Records which identify adequately the source and application of funds for grant-supported activities. Those records shall contain information pertaining to grant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays, and income.

3. Effective control over and accountability for all funds, property and other assets. Grantees shall adequately safeguard all such assets and shall assure that they are used solely for authorized purposes.

4. Accounting records supported by source documentation.

N. Retain financial records, supporting documents, statistical records, and all other records pertinent to the grant for a period of at least three years after grant closing except that the records shall be retained beyond the three-year period if audit findings have not been resolved. Microfilm or photo copies or similar methods may be substituted in lieu of original records. The Grantor and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access to any books, documents, papers, and records of the Grantee's government which are pertinent to the specific grant program for the purpose of making audits, examinations, excerpts and transcripts.

O. Provide information as requested by the Grantor to determine the need for and complete any necessary Environmental Impact Statements.

P. Provide an audit report prepared in accordance with Grantor regulations to allow the Grantor to determine that funds have been used in compliance with the proposal, any applicable laws and regulations and this Agreement.

Q. Agree to account for and to return to Grantor interest earned on grant funds pending their disbursement for program purposes when the Grantee is a unit of local government. States and agencies or instrumentality's of states shall not be held accountable for interest earned on grant funds pending their disbursement.

R. Not encumber, transfer or dispose of the property or any part thereof, furnished by the Grantor or acquired wholly or in part with Grantor funds without the written consent of the Grantor except as provided in item K above.

S. To include in all contracts for construction or repair a provision for compliance with the Copeland ``Anti-Kick Back'' Act (18 U.S.C. 874) as supplemented in Department of Labor regulations (29 CFR, Part 3). The Grantee shall report all suspected or reported violations to the Grantor.

T. To include in all contracts in excess of $100,000 a provision that the contractor agrees to comply with all the requirements of the Clean Air Act (42 U.S.C. §7414) and Section 308 of the Water Pollution Control Act (33 U.S.C. §1318) relating to inspection, monitoring, entry, reports, and information, as well as all other requirements specified in Section 114 of the Clean Air Act and Section 308 of the Water Pollution Control Act and all regulations and guidelines issued thereunder after the award of the contract. In so doing the Contractor further agrees:

[Revision 1, 11/20/1997]

1. As a condition for the award of contract, to notify the Owner of the receipt of any communication from the Environmental Protection Agency (EPA) indicating that a facility to be utilized in the performance of the contract is under consideration to be listed on the EPA list of Violating Facilities. Prompt notification is required prior to contract award.

2. To certify that any facility to be utilized in the performance of any nonexempt contractor subcontract is not listed on the EPA list of Violating Facilities pursuant to 40 CFR Part 32 as of the date of contract award.

[Revision 1, 11/20/97]

3. To include or cause to be included the above criteria and the requirements in every nonexempt subcontract and that the Contractor will take such action as the Government may direct as a means of enforcing such provisions.

As used in these paragraphs the term ``facility'' means any building, plan, installation, structure, mine, vessel or other floating craft, location, or site of operations, owned, leased, or supervised by a Grantee, cooperator, contractor, or subcontractor, to be utilized in the performance of a grant, agreement, contract, subgrant, or subcontract. Where a location or site of operation contains or includes more than one building, plant, installation, or structure, the entire location shall be deemed to be a facility except where the Director, Office of Federal Activities, Environmental Protection Agency, determines that independent facilities are co-located in one geographical area.

Grantor Agrees That It:

A. Will make available to Grantee for the purpose of this Agreement not to exceed **1,343,000.00** which it will advance to Grantee to meet not to exceed **38.19%** percent of the project development costs of the project in accordance with the actual needs of Grantee as determined by Grantor.

B. Will assist Grantee, within available appropriations, with such technical assistance as Grantor deems appropriate in planning the project and coordinating the plan with local official comprehensive plans for sewer and water and with any State or area plans for the area in which the project is located.

C. At its sole discretion and at any time may give any consent, deferment, subordination, release, satisfaction, or termination of any or all of Grantee's grant obligations, with or without valuable consideration, upon such terms and conditions as Grantor may determine to be (1) advisable to further the purpose of the grant or to protect Grantor's financial interest therein and (2) consistent with both the statutory purposes of the grant and the limitations of the statutory authority under which it is made.

Termination of This Agreement

This Agreement may be terminated for cause in the event of default on the part of the Grantee as provided in paragraph I above or for convenience of the Grantor and Grantee prior to the date of completion of the grant purpose. Termination for convenience will occur when both the Grantee and Grantor agree that the continuation of the project will not produce beneficial results commensurate with the further expenditure of funds.

In witness whereof Grantee on the date first above written has caused these presence to be executed by its duly authorized

Mayor

and attested and its corporate seal affixed by its duly authorized

Recorder

Attest:

By: Alan R. Haught

Alan R. Haught, Mayor

(Title)

By: Ronda White

Ronda White, Recorder

(Title)

UNITED STATES OF AMERICA

RURAL UTILITIES SERVICE

By: Virginia M McDonald

VIRGINIA M. McDONALD, Area Specialist (Title)

12/13/13

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY): 11/20/2013

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER
Bill Bailey Insurance Agency
701 Highland Avenue
P. O. Box 246
Williamstown WV 26187

CONTACT NAME: Renee Shotwell
PHONE (A/C, No, Ext): (304) 375-4900 **FAX (A/C, No):** (304) 375-2162
E-MAIL ADDRESS: rshotwell@bb-ins.com

INSURER(S) AFFORDING COVERAGE	NAIC #
INSURER A: American Alternative Insurance	
INSURER B:	
INSURER C:	
INSURER D:	
INSURER E:	
INSURER F:	

INSURED
Town of Harrisville
1501 E. Main Street
PO Box 243
Harrisville WV 26362

COVERAGES **CERTIFICATE NUMBER:** CL13112000708 **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	GENERAL LIABILITY [X] COMMERCIAL GENERAL LIABILITY [ ] CLAIMS-MADE [X] OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: [X] POLICY [ ] PRO-JECT [ ] LOC			GPPA-PF-6052216-03	8/27/2013	8/27/2014	EACH OCCURRENCE DAMAGE TO RENTED PREMISES (Ea occurrence) MED EXP (Any one person) PERSONAL & ADV INJURY GENERAL AGGREGATE PRODUCTS - COMP/OP AGG	$ 1,000,000 $ 100,000 $ 10,000 $ 1,000,000 $ 1,000,000 $ 1,000,000
A	AUTOMOBILE LIABILITY [ ] ANY AUTO [ ] ALL OWNED AUTOS [ ] HIRED AUTOS [X] SCHEDULED AUTOS [ ] NON-OWNED AUTOS			GPPA-PF-6052216-03	8/27/2013	8/27/2014	COMBINED SINGLE LIMIT (Ea accident) BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident) Underinsured motorist	$ 1,000,000 $ $ $ $
A	[ ] UMBRELLA LIAB [X] OCCUR [X] EXCESS LIAB [ ] CLAIMS-MADE [ ] DED [ ] RETENTION $			GPPA-PF-6052216-03	8/27/2013	8/27/2014	EACH OCCURRENCE AGGREGATE	$ 1,000,000 $ 1,000,000 $
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) Y/N [ ] If yes, describe under DESCRIPTION OF OPERATIONS below	N/A					[ ] WC STATU-TORY LIMITS [ ] OTH-ER E.L. EACH ACCIDENT E.L. DISEASE - EA EMPLOYEE E.L. DISEASE - POLICY LIMIT	 $ $ $

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

CERTIFICATE HOLDER

Jackson Kelly, PLLC
500 Lee Street, East, Ste 1600
Charleston, WV 25301

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

Renee D. Shotwell

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JACKSONKELLY
ATTORNEYS AT LAW PLLC

500 LEE STREET EAST • SUITE 1600 • P.O. BOX 553 • CHARLESTON, WEST VIRGINIA 25322 • TELEPHONE: 304-340-1000 • TELECOPIER: 304-340-1130
www.jacksonkelly.com

CLOSING MEMORANDUM

To: **Virginia McDonald**
Ronda White

From: **Samme L. Gee, Esq.**

Date: **December 13, 2013**

Re: **Town of Harrisville**
Sewer Revenue Bonds, Series 2013 A (United States Department of Agriculture)
Sewer Revenue Bonds, Series 2013 B (United States Department of Agriculture)

DISBURSEMENTS TO TOWN

1.

Payor:	United States Department of Agriculture
Source:	Series 2013 A Bonds Proceeds
Amount:	$102,000
Date:	December 13, 2013
Form:	Electronic Funds Transfer
Payee:	Town of Harrisville
Bank:	West Union Bank 201 E. Main Street Harrisville, WV 26362 (304) 643-2265
Routing No.:	051502159
Account No.:	1047943
Account:	Wastewater Sewer Improvements Project

2.

Payor:	United States Department of Agriculture
Source:	Series 2013 B Bonds Proceeds
Amount:	$437,321.47
Date:	December 13, 2013
Form:	Electronic Funds Transfer
Payee:	Town of Harrisville
Bank:	West Union Bank 201 E. Main Street Harrisville, WV 26362 (304) 643-2265
Routing No.:	051502159
Account No.:	1047943
Account:	Wastewater Sewer Improvements Project

JACKSONKELLY
ATTORNEYS AT LAW PLLC

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4.1(A)

December 13, 2013

Town of Harrisville
Harrisville, West Virginia

United States Department of Agriculture,
Rural Utilities Service
Parkersburg, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Re: Town of Harrisville Sewer Revenue Bonds,
Series 2013 A (United States Department of Agriculture)

Ladies and Gentlemen:

We have served as bond counsel to the Town of Harrisville (the "Issuer") in connection with the issuance of its Sewer Revenue Bonds, Series 2013 A (United States Department of Agriculture), dated the date hereof (the "Bonds").

We have examined certified copies of proceedings and other papers relating to the issuance of the Bonds. The Bonds are issued in the principal amount of $102,000, in the form of one bond and bear interest from the date hereof, on the amount advanced thereunder, at the rate of 2.75% per annum.

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 of the Code of West Virginia, 1931, as amended (the "Act"), and have been authorized by a Bond Ordinance duly passed by the Issuer on October 15, 2013, effective November 12, 2013, as supplemented by a Supplemental Resolution duly adopted by the Issuer on December 11, 2013 (collectively, the "Ordinance"). The Bonds are issued for the purposes of (i) paying a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public sewer facilities of the Issuer (the "Project"); and (ii) paying certain costs of issuance and related costs. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Ordinance when used herein.

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

1. The Issuer is a duly created and validly 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 Issuer has legally and effectively adopted the Ordinance and all other necessary resolutions in connection with the issuance and sale of the Bonds. The Ordinance constitutes a valid and binding obligation of the Issuer, enforceable against the Issuer in accordance with its terms thereof.

3. The Bonds have been duly authorized, issued, executed and delivered by the Issuer 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 a 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 Prior Bonds and the Series 2013 B Bonds, all in accordance with the terms of the Bonds and the Ordinance.

4. Under the Act, the Bonds and the interest thereon are exempt from taxation by the State of West Virginia and the other taxing bodies of the State.

5. The Bonds have not been issued on the basis that the interest thereon is or will be excluded from the gross income of the owners thereof for federal income tax purposes. We express no opinion regarding the excludability of such interest from the gross income of the owners thereof for federal income tax purposes or other federal tax consequences arising with respect to the Bonds.

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

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

Very truly yours,

Jackson Kelly PLLC

JACKSONKELLY
ATTORNEYS AT LAW PLLC

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www.jacksonkelly.com

4.1(B)

December 13, 2013

Town of Harrisville
Harrisville, West Virginia

United States Department of Agriculture,
Rural Utilities Service
Parkersburg, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Re: Town of Harrisville Sewer Revenue Bonds,
Series 2013 B (United States Department of Agriculture)

Ladies and Gentlemen:

We have served as bond counsel to the Town of Harrisville (the "Issuer") in connection with the issuance of its Sewer Revenue Bonds, Series 2013 B (United States Department of Agriculture), dated the date hereof (the "Bonds").

We have examined certified copies of proceedings and other papers relating to the issuance of the Bonds. The Bonds are issued in the principal amount of $2,072,000, in the form of one bond and bear interest from the date hereof, on the amount advanced thereunder, at the rate of 2.50% per annum.

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 of the Code of West Virginia, 1931, as amended (the "Act"), and have been authorized by a Bond Ordinance duly passed by the Issuer on October 15, 2013, effective November 12, 2013, as supplemented by a Supplemental Resolution duly adopted by the Issuer on December 11, 2013 (collectively, the "Ordinance"). The Bonds are issued for the purposes of (i) paying a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public sewer facilities of the Issuer (the "Project"); and (ii) paying certain costs of issuance and related costs. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Ordinance when used herein.

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

Charleston, WV • Clarksburg, WV • Martinsburg, WV • Morgantown, WV • Wheeling, WV
Denver, CO • Evansville, IN • Lexington, KY • Canton, OH • Pittsburgh, PA • Washington, DC

1. The Issuer is a duly created and validly 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 Issuer has legally and effectively adopted the Ordinance and all other necessary resolutions in connection with the issuance and sale of the Bonds. The Ordinance constitutes a valid and binding obligation of the Issuer, enforceable against the Issuer in accordance with its terms thereof.

3. The Bonds have been duly authorized, issued, executed and delivered by the Issuer 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 a 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 Prior Bonds and the Series 2013 A Bonds, all in accordance with the terms of the Bonds and the Ordinance.

4. Under the Act, the Bonds and the interest thereon are exempt from taxation by the State of West Virginia and the other taxing bodies of the State.

5. The Bonds have not been issued on the basis that the interest thereon is or will be excluded from the gross income of the owners thereof for federal income tax purposes. We express no opinion regarding the excludability of such interest from the gross income of the owners thereof for federal income tax purposes or other federal tax consequences arising with respect to the Bonds.

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

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

Very truly yours,

Jackson Kelly PLLC

IRA M. HAUGHT
ATTORNEY AT LAW
210 E. MAIN STREET
HARRISVILLE, WEST VIRGINIA 26362

TEL: (304) 643-4186 FAX: (304) 643-2137

December 13, 2013

Town of Harrisville
Harrisville, West Virginia

United States Department of Agriculture
Rural Utilities Service
Parkersburg, West Virginia

Jackson Kelly, PLLC
Charleston, West Virginia

Re: Town of Harrisville Sewer Revenue Bonds,
Series 2013 A (United States Department of Agriculture) and
Sewer Revenue Bonds, Series 2013 B (United States
Department of Agriculture)

Ladies and Gentlemen:

I am counsel to the Town of Harrisville (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"), the letter of conditions dated July 31, 2012, amended October 29, 2012, from the United States of America, United States Department of Agriculture, Rural Utilities Service (the "Government"), a Bond Ordinance duly passed by Council of the Issuer (the "Council") on October 15, 2013, effective November 12, 2013, as supplemented by a Supplemental Resolution duly adopted on December 11, 2013 (collectively, the "Ordinance"), a Petition of the Sanitary Board duly adopted on October 8, 2013, and other documents relating to the Bonds and the Issuer. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Ordinance when used herein.

I am of the opinion that:

1. The Issuer is a duly created and validly 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 adopt the Ordinance, all under the Act and other applicable provisions of law.

2. The Mayor, the Recorder and members of the Council and Sanitary Board have been duly, lawfully, and properly appointed or elected, have taken the requisite oaths and are thereby authorized to act on behalf of the Issuer in their respective capacities.

3. The Ordinance has been duly adopted by the Council and is in full force and effect.

4. The execution and delivery of the Bonds and the consummation of the transactions contemplated by the Ordinance and the Bonds 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 of or default under any ordinance, order, resolution, agreement, document or other instrument to which the Issuer is a party or by which the Issuer or its properties are bound or any existing law, regulation, court order or consent decree to which the Issuer is subject.

5. The Issuer has received all permits, licenses, approvals, consents, certificates, orders, exemptions, registrations 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 for use of the System, including, without limitation, all requisite permits, approvals, orders and certificates from the Public Service Commission of West Virginia. The Issuer has taken all actions required for the imposition of such rates and charges, including, without limitation, the adoption of an Ordinance prescribing such rates and charges. The Issuer has received the Recommended Decision of the Administrative Law Judge dated October 23, 2013, as made final by the PSC Order entered on November 11, 2013, in Case No. 13-0509-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.

6. To the best of my knowledge, there is no litigation, action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Bonds and the Ordinance, the acquisition and construction of the Project, the operation of the System, the validity of the Bonds, the collection of the Gross Revenues or the pledge of the Net Revenues for payment of the Bonds.

7. 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 and the Ordinance; 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, Esquire

IMH/pam

Position 5

Form RD 1927-10
(Rev. 7-98)

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL DEVELOPMENT
FARM SERVICE AGENCY

FORM APPROVED
OMB NO. 0575-0147

FINAL TITLE OPINION

LOAN APPLICANT	ADDRESS OR PROPERTY COVERED BY THIS OPINION	
The Town of Harrisville	Various Lots in the Town of Harrisville	
APPLICANT FOR TITLE EXAMINATION	COUNTY	STATE
	RITCHIE	WEST VIRGINIA

I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to December 13, 2013 (Date) at 8:00 am p.m. (including the time of filing the current security instrument).

II. Based on said title examination, my preliminary title examination if any, and any additional information concerning the title which has come to my attention, it is my opinion that:

A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is now vested in The Town of Harrisville

as Tenant by the entirety.
(Joint tenants, tenants by the entirety, etc.)

B. The United States of America holds a valid Statutory (Priority) (Mortgage, etc.) lien on said property as required by Rural Development or the Farm Service Agency, or their successor (Agency), which lien was filed for record on December 13, (Date), 2013, at _____ a.m. p.m. and is recorded in _____ (Book, page, and office).

C. Said property and lien are subject only to encumbrances, reservations, exceptions, and defects which were approved by written administrative waivers of the Agency attached hereto or to my Preliminary Title Opinion.

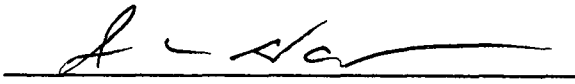
III. If a water right is involved and is not covered by the current security instrument, it is subject only to the encumbrances, reservations, exceptions, and defects set forth in said administrative waivers and was made available as security in the following manner (Water stock would normally be reissued in the names of said land owners and the United States of America and delivered to the Agency Official at the time of loan closing):

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0147. The time required to complete this information collection is estimated to average 20 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

IV. The term "encumbrances, reservations, exceptions, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's, and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal, State, and local taxes, including county, school, improvement, water, drainage, sewer, inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal courts, (e) recorded covenants; conditions; restrictions; reservations; liens; encumbrances; easements; rights-of-way; leases; mineral, oil, gas, and geothermal rights (regardless of the right of surface entry); timber rights; water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.

V. This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United States Department of Agriculture Agency which provided the assistance, and I assume liability to each hereunder.

December 13, 2013
(Date)



Ira M. Haught *(Attorney's signature)*

210 E. Main Street
Harrisville, WV 26362
(Address, include ZIP Code)

Attachments

EXHIBIT A

PROPERTIES OWNED BY TOWN OF HARRISVILLE;

IN REGARD TO WASTE WATER SYSTEM

* **Tax Map Number: 5, Parcel: 177.1** in the Town of Harrisville along First Run;
* **Tax Map Number: 5, Parcel: 177.2** in the Town of Harrisville along First Run;
* **Tax Map Number: 5, Parcel: 177.4** in the Town of Harrisville near First Run;
* **Tax Map Number: 2, Parcel: 9.1** in the Town of Harrisville;
* **Tax Map Number: 2, Parcel: 11** in the Town of Harrisville;
* **Tax Map Number: 5, Parcel: 178.1** in the Town of Harrisville;
* **Tax Map Number: 6, Parcel: 3** in the Town of Harrisville.

Position 5

Form RD 442-22
(Rev. 10-96)

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL DEVELOPMENT

FORM APPROVED
OMB NO. 0575-0015

OPINION OF COUNSEL RELATIVE TO RIGHTS-OF-WAY

Date 12/13/2013

Dear Sir:

I have reviewed the action taken by Town of Harrisville (hereinafter called the "Corporation") in obtaining a right-of-way for the construction, operation, and maintenance of the facilities to be installed, repaired, or enlarged with the proceeds of a loan made or insured by, and/or a grant from Rural Development to the Corporation. I have examined the right-of-way instruments, permits, or licenses obtained from landowners, public bodies, and public utilities and made such searches of the public records necessary to determine the legal sufficiency of the instruments covered by the "Right-of-way

Certificate," executed by the Corporation on December 13, 20 13. I also have examined the "Right-of-way Map" to determine whether continuous and adequate land and rights-of-way are owned or have been acquired by the instruments covered in the "Right-of-way Certificate".

Based on the foregoing examination, and to the best of my knowledge, information, and belief, I am of the opinion that:

A. The legal instruments by which the Corporation has acquired said rights-of-way (a) are in appropriate and due legal form and adequately confer upon the Corporation the necessary rights-of-way for the construction, operation, and maintenance of its facilities in their present or proposed location, and such omissions or defects as may exist will in no substantial way or manner endanger the value or operation of the facilities, and (b) have each been properly recorded in the appropriate public land records of each County in which any of the land affected thereby is situated. Such consents, releases, or subordinations from lienholders recommended by me or required by Rural Development have been obtained.

B. The legal instruments referred to above give unto the Corporation a continuous and adequate right-of-way to permit the construction, operation, and maintenance of the Corporation's facilities except as below noted.

C. Exceptions:

NONE

Very truly yours,

Ira M. Haught, Esq.
Attorney for The Town of Harrisville

Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to U.S. Department of Agriculture, Clearance Officer STOP 7602, 1400 Independence Avenue, S. W, Washington, D. C. 20250-7602. ***Please DO NOT RETURN this form to this address.*** *Forward to the local USDA office only. You are not required to respond to this collection of information unless it displays a currently valid OMB control number.*